S. Hrg. 104–659

AVIATION SAFETY: ARE FAA INSPECTORS ADEQUATELY TRAINED, TARGETED, AND SUPERVISED?

BEFORE THE

SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT MANAGEMENT
AND THE DISTRICT OF COLUMBIA

OF THE

COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

APRIL 30, 1996

Printed for the use of the Committee on Governmental Affairs

U.S. GOVERNMENT PRINTING OFFICE
24–681 cc WASHINGTON : 1996

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-053744-4

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AVIATION SAFETY: ARE FAA INSPECTORS ADEQUATELY TRAINED, TARGETED, AND SUPERVISED?

TUESDAY, APRIL 30, 1996

U.S. SENATE,
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, AND THE DISTRICT OF COLUMBIA,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:33 a.m., in room 342, Dirksen Senate Office Building, Hon. William S. Cohen, Chairman of the Subcommittee, presiding.

Present: Senators Cohen and Levin.

Staff Present: Kim Corthell, Majority Staff Director; Paul Brubaker, Majority Deputy Staff Director; Don Mullinax, Legislative Fellow; Andrea Gerber, Staff Assistant; Linda Gustitus, Minority Staff Director; and Colleen McAntee, Legislative Fellow.

OPENING STATEMENT OF SENATOR COHEN

Senator COHEN. The Committee will come to order.

Every day, more than one million people travel on thousands of flights throughout the United States. The safety of these passengers and crew members depends in large measure on how well FAA inspectors ensure the aviation industry complies with safety regulations. It is important to acknowledge that most air carriers, aviation professionals, and FAA inspectors work hard to ensure the continued safety of the flying public, and I would note that commercial air travel remains the safest form of transportation in existence.

Let me say at the outset that the goal today is not to sensationalize, but to inform. The measures taken to protect the identity of the first two witnesses were done at their request, and while I realize that these measures may give the hearing an air of mystery or intrigue, I want to assure those present that the only objective of our hearing is to assist the FAA in performing its safety-related mission.

Over the past 10 years, deficiencies in the FAA's management and oversight of its inspection program have been the focus of numerous Government reports and Congressional hearings. FAA has made progress in correcting these weaknesses. The focus today is whether additional measures are necessary to resolve shortcomings in the FAA's inspection program.

Today's hearing will explore a number of issues or questions related to the inspection program. First, is the FAA successfully targeting its inspections of air carriers and aviation-related activities to the areas of greatest safety risk? Second, is FAA providing inspectors with sufficient training to adequately prepare them to perform their duties? And finally, is FAA management effectively supervising and overseeing its inspector workforce? The answers to these questions are critical to ensuring that FAA is able to successfully perform its safety-related mission.

Sometimes, improvement requires being brutally honest about one's own shortcomings. This is something that most Federal agencies, and I would not exempt Congress, are not accustomed to doing.

During a 1992 House hearing to examine the well-documented problems with FAA's inspection program, FAA had testified that its inspection program was properly managed, that it knew what its workforce was doing and directed its resources in a way that yielded the greatest public benefit, and that it was putting effort in the right place because accidents were going down.

Despite these assurances, the National Transportation Safety Board reports issued over the last 11 years show that poor FAA surveillance was a contributing factor in 48 crashes which have killed more than 330 people.

In one 1993 accident, a turbo-prop aircraft crashed and all 18 aboard were killed. The National Transportation Safety Board investigators found that FAA's principal operations inspector assigned to the carrier was not qualified to fly the aircraft which crashed, he failed the ground school twice, and despite 24 years with the FAA, he had never attended the FAA's course for operations inspectors. The inspector had also approved the carrier's training program for the aircraft, even though he was not familiar with the aircraft's system and had not observed any of the carrier's training.

Two months after this incident, FAA again testified that, "inspectors are never required to carry out surveillance or inspect aircraft or other equipment on which they have never received training." The fact that inspectors have received some training does not necessarily mean they are qualified to perform all of their assigned jobs.

GAO and other witnesses today will provide examples of inspectors who have not received training on equipment they are required to inspect. In one case, an operations inspector requested training for an aircraft that he was responsible for inspecting. He did receive the training, but it was 2 years after the airline went out of business. Other inspectors responsible for approving Global Positioning System, GPS, receivers have yet to receive any formal training on this equipment.

While ensuring that the FAA maintains a trained and qualified inspection corps is essential, another critical challenge facing FAA is its effective use of limited assets. Because the FAA will never have sufficient resources to fully inspect the thousands of entities within its jurisdiction, it is essential for the FAA to target inspection resources to those areas of greatest safety risk.

For more than a decade, FAA has been struggling to establish a reliable computer-based system that will provide the data needed to effectively plan and manage its inspection program. FAA's Program Tracking and Reporting Subsystem, or the PTRS, records the results of safety inspections. GAO and the Inspector General have found that the inspection data in the PTRS continues to be plagued by inaccuracies.

In its most recent review, GAO confirmed that inspectors still enter suspect data into the PTRS system, inspectors do not consistently or accurately report inspection results, non-violations are entered into the system while violations go unreported, and information gets into the system which simply does not make sense. In one case, an FAA inspection was recorded for an aircraft that the carrier in question does not even use.

According to GAO, the inaccuracies in PTRS "could misdirect FAA resources away from the higher risk aviation activities." Acknowledging that using current data poses a risk to the system, the FAA agreed to develop and implement a comprehensive strategy to improve its database by the end of 1995. FAA has yet to approve such a strategy.

The FAA's problem with the data integrity is a symptom of a greater deficiency with its oversight of inspectors. While the vast majority of FAA inspectors are hard working and dedicated individuals, inadequate guidance and supervision, poor instruction or lack of training, and minimal accountability contribute to ineffective inspections.

In 1995, for example, with the help of an informant, an FAA special inspection team identified a litany of serious safety violations at an air carrier in Florida. The violations were so egregious that the carrier was effectively playing an undetected game of Russian roulette with its aircraft and the unsuspecting public. Despite having conducted more than 500 inspections of the carrier in the previous year, local FAA inspectors had failed to uncover the seriousness of the situation.

The safety of the flying public depends upon FAA implementing an inspection system which is valid, reliable, and will detect and correct deficiencies. Yet, the FAA does not, for example, have any minimum standards for what constitutes different types of inspections. Mr. DeCarli was supposed to testify here this morning but due to a physical problem will not be here, but as his department in the IG's office will testify, "without minimum standards, we have little confidence that inspections are more than cursory reviews that lack substance and provide little assurance that safety requirements are being met."

The key to a more effective inspection program is increased accountability at the FAA. Although FAA suggests that it holds its employees accountable, FAA does not have adequate procedures in place which establish performance measures and promote accountability.

Additionally, the FAA's record simply does not support its claims. For example, despite the large number of serious violations which local inspectors had either knowingly ignored or missed in the case I mentioned earlier, not a single FAA inspector, supervisor, or manager responsible was fired or disciplined.

During the course of this investigation, our staff interviewed more than 180 industry and Government officials, including dozens of FAA inspectors, who told of problems with training, data integrity, and oversight deficiencies. I want to point out that the inspectors interviewed were not out to hurt the FAA. To the contrary, these inspectors are dedicated and committed to FAA's mission and goals. It was their sense of commitment that prompted them to contact this Subcommittee.

I commend the FAA for all that it does to promote public safety. The FAA, however, must become more proactive by critically examining its inspection program and recognizing and acknowledging its inadequacies and aggressively looking for ways to improve its operations and to increase its accountability.

In citing an industry study which described how direct flights will increase 40 percent over the next 10 to 15 years, Administrator Hinson, who will testify later this morning, acknowledged that, "if we only manage to maintain today's low accident rate, the estimated growth in aviation will increase the number of jet crashes worldwide to about one per week." In light of the future growth in air traffic, the FAA must take aggressive steps today to address longstanding problems in order to reach its stated goal of zero accidents.

We are going to have two witnesses in our first panel this morning. Both panelists have requested that their identities be withheld because of fear of reprisals as a result of their testimony.

Our first witness is an experienced and dedicated FAA inspector. This witness, as well as dozens of current and former FAA inspectors interviewed by the Subcommittee, are concerned that openly discussing problems with the inspection program would result in reprisals from FAA management.

The second witness is a former air carrier employee who will describe how for 5 years he helped his employer sidestep FAA inspections.

Gentlemen, I will ask you to remain seated and raise your right hands. Do you swear to tell the whole truth and nothing but the truth, so help you, God?

Mr. SMITH. I do.

Mr. JONES. I do.

Senator COHEN. Mr. Smith, why do you not begin.

TESTIMONY OF MR. SMITH,[1] FAA INSPECTOR

Mr. SMITH. Mr. Chairman and Members of the Committee, each of you has a copy of my statement, so I will not belabor you with a reading of the statement, but I would like to highlight the first part of it.

I am currently an active general aviation airworthiness inspector for the Federal Aviation Administration. As such, I have requested my identity not be disclosed because I am extremely fearful of reprisals within the FAA system.

In the course of my military and civil service to my country, I have willingly taken the oath to protect and defend the country and its Government against its enemies, both foreign and domestic.

[1] The prepared statement of Mr. Smith appears on page 61.

What I was not aware of when I came into the FAA was that those enemies existed within the agency as well as without. I would like to say, that does not necessarily mean that those enemies are knowingly enemies. It is just that they operate in such a manner as to be dangerous to the society in which we have to operate.

As my awareness of the internal problems within the agency has grown, so has the knowledge that there are no mechanisms or checks and balances within it to cause meaningful notice or correction of detrimental and problematical conditions affecting its operation and well-being. Largely, it is a closed corporation. If you are not a member of the voting board, you do not have much chance to change anything.

For 20 years, I have always tried to operate within the system and do the job and affect a successful accomplishment of the mission of whatever unit I was a member of and, since coming to the FAA, cause enforcement of the law of the land. Never until recently have I considered going outside of the system to cause the corrections of the problems within it. It is only that when the situation got to the point where there was no other way would I consider going outside the system.

As a loyal civil servant, the term "whistleblower" has always had a connotation of disloyalty to the organization, but conditions now exist that cause me to remember that my oath of allegiance is not to the agency but to the people of this country. As a result, in response to your request for field instructor inspector observations on areas of shortfall in FAA policies and practices, and the resulting subpoena, I appear before you today.

On the subject of inspection safety system, the FAA is currently wasting scarce resources, those of its inspector workforce, by having aviation safety inspectors who earn in the neighborhood of $70,000 a year, in some cases, perform the duties of a $25,000-a-year data entry clerk. Literally thousands of man hours a year are spent by the inspector workforce in preparing data to feed a system known as the Program Tracking and Reporting Subsystem, also known as PTRS.

PTRS is inaccurate, cumbersome, inefficient, and misused. Misuse is by both the workforce and the management. Misuse by the workforce is caused by misuse and misdirection on the part of the management. The lack of effective national guidelines produces broad variations in the data from district to district.

The guidelines which have historically created this system are actually sold to the workforce as a safety tool. They are sold in such a manner as to cause the workforce to record that portion of their tasking to allow the management to use it as a tool to convince Congress to support it with more people. The design is so loose that you can cause it to read pretty well as you wish to read.

Random selection has been described as the ability to put an innumerable number of monkeys at an incalculable number of typewriters and eventually one of them will write King Lear. The same type of thought can be used to grade or to look at the data that is developed under PTRS. If you want to approach it from one direction, you can prove on thing. If you want to approach it from another direction, you can prove another.

As part of the statement, we dealt with the term "padding" or the cross-justification, the means of justifying what each inspector does or what each agency does. It should be remembered that padding is not confined to the workforce. It is a mechanism used by management and supervision to enhance their visibility and perceived effectiveness of their positions.

The variation and possibilities of falsification of PTRS data are virtually endless, and at a period of time when the FAA, as well as all Government agencies, are being required to reduce the ratio of supervisors over field inspectors, this situation can only get worse.

On the subject of inspector training, the lack of trained inspectors is having a significant impact on the safety of the traveling public. General aviation inspectors with only light aircraft and commuter airline backgrounds are, and with little or no knowledge and background in heavy aircraft, are being used to certify and provide surveillance of large air carriers.

The problem is compounded by the fact that general aviation airworthiness inspectors who are having to fill the gap have historically been left out of the training in the current state-of-the-art aircraft. If such training is available, it is generally made to operations inspectors.

Many airworthiness inspectors who have been in general aviation positions for years have never received any training on the large aircraft that they are now being ordered to oversee. Some are performing with only the experience that they brought with them into the FAA and some of this is over 20 years old. There is virtually no out-of-agency make and model training available for general aviation safety inspectors.

In closing, I would ask the members of this Subcommittee to remember that one option that a serving inspector does not have, and that is the right of refusal. He has to do the job as it is assigned, regardless of his training. He also has to walk that thin line between kinder and gentler, failure to cause compliance with the law, and being replaced as being overzealous.

I would be happy to answer any questions that you might have, and thank you for this opportunity to testify.

Senator COHEN. Thank you very much, Mr. Smith.

Mr. Jones, we will proceed with your testimony before we get into the question period.

TESTIMONY OF MR. JONES, AVIATION CONSULTANT

Mr. JONES. I have been in the aviation industry nearly 20 years. I possess over 18 years of formal and technical education. I possess an FAA air frames and power plants license. I have been employed by several FAA-approved airlines and repair stations. My range of experience spans from mechanic's apprentice to director. I have been exposed to nearly all facets of aviation maintenance and operations on nine types of transport aircraft.

I will attempt to convey suggestions and recommendations to help the FAA improve their oversight as well as the atmosphere and true spirit in which many airline employees function, as well as possible methods of operation of senior staff with respect to-

wards the FAA and flight safety. All of the following information is based upon my personal knowledge.

The FAA should pay special attention to airlines that continuously replace its managers. That can be an indication that a company wants to reduce operational and maintenance expenses. Companies can place enormous pressure on employees, and consequently, management could select individuals which have no qualm in taking the drastic measures necessary in order to accomplish the goal, which would also mean knowingly violating Federal Aviation Regulations and manipulating the FAA.

Management could be sometimes careful not to incriminate themselves in any obvious manner. This could be accomplished by a variety of methods to include discretely masking the remarks and suggestions at meetings, using the phone to isolate the individual receiving the orders, and never placing instructions in writing. Always intimidation, coercion, and threats are a factor. They should also be aware that employees could be forced into turning their heads or possibly performing improper and unsafe maintenance and operations practices in order to keep their jobs.

Common techniques used to defer repairs could include the following: Clear up a problem on an aircraft reported by the crew in their log book without necessarily performing the necessary work. This would, if at all possible, defer the repair to a later date.

Secondly, not writing the problem up to begin with and therefore avoiding any record of the event. This is a tactic that could be used commonly by flight crews. The line mechanics could favor it, as well, because it would be less work for them. The term is commonly known as "hip pocket" items.

Third, rewriting or modifying the problem in such a manner that would downplay its significance and therefore be more easily cleared with less time and expense involved or in which it could be deferred until a later date.

I am strongly induced into speaking out against such activities so others understand what could go wrong behind the scenes at some airlines. Please remember that employees could be required to carry out their instructions simply due to the fear of losing their jobs in a troubled industry. Whether this is right or wrong, the blame for the action should rest with management and invariably with the FAA to control those who attempt to operate in such a manner.

An airline could employ a multitude of methods to circumvent FAA requirements, some of which are as follows: The good-old-boy technique, where the airline's chief inspector and the FAA principal maintenance inspector can maintain a close personal relationship and therefore the PMI could go along or overlook things so as not to get his friend in trouble with his employer. Such a close relationship also could allow for trust to develop through their friendship and the PMI could simply accept the word of the airline's chief inspector.

Friendly and attractive young women could be employed at the airline's inspection department's records section. This could become the primary meeting area and distraction for the FAA inspectors. Occasions could arise where some of the FAA inspectors would ask to be set up with dates.

Revisions to maintenance and operations manuals could be submitted on Fridays or when the PMI was known to be on leave. Companies could then complain that the changes were needed right away and it would be expedited with little or no questions.

Questionable or objectionable changes could be cleverly buried amongst many revision pages in the anticipation that the PMI would not read the entire document. These type changes could result in fewer and less frequent inspections of certain areas or components and could be, for the most part, implemented without discovery. In some cases, the FAA's copy of the revision or change could be lost or forgotten. The FAA would never see them but could be told, if they asked, that it had been sent to them.

The FAA should make more frequent unannounced visits and inspections. They should not establish patterns or set days that they visit facilities. Inspectors should be careful not to routinely visit when weekly planning activities occur, such as Friday morning, when bagels and coffee are served. In all essence, an official visit could turn into a social event and nothing more.

One possible scenario that the FAA needs to be aware of, an example being an assistant FAA PMI discovering an alleged flaw in the way the engine condition monitoring program was being handled. That FAA inspector spent a great deal more time at the facility than any other of the FAA personnel. He could believe there were problems with the way maintenance was being accomplished. The company could become highly irritated with the inspector and state that they were going to call his superiors to get rid of him and consequently have him removed.

Another FAA inspector at an out station could write up violations that result in aircraft being grounded. In this scenario, the local PMI flies to the out station and has a chat with the inspector. This out station inspector backs off and was not heard from again. In this scenario, a local PMI could tell the other inspector his carrier's aircraft would be written up when they landed in his area.

In my opinion, the FAA is not a serious factor with respect to the way many carriers do business. The FAA should be aware that the primary corporate concerns could be on-time departure and low maintenance costs. All other factors could be irrelevant. Company personnel could be pressured into taking all the risk. If anything went wrong, they could take the blame and the ownership would disavow their knowledge.

In my opinion, it is common knowledge, due to the close interpersonal relationship within the industry, that some second-tier operators function in a similar manner. Stories are legendary of aircraft being operated in highly dangerous conditions at some carriers.

As another scenario, the FAA should be aware that companies could actually run their engines on the ground past maximum temperature limits, in essence, causing heat damage to turbine blades, and then rewrite the records to reflect otherwise so that the engines would not have to be pulled.

In closing, whether something is done or not, it is your choice. I am fortunate enough to no longer have any association with these people.

Senator COHEN. Thank you very much, Mr. Jones.

I might indicate for the public who is here in attendance and for those who may be watching that it is possible, of course, that the two gentlemen who are sitting in front of me can be dismissed as simply a couple of disgruntled or vindictive employees, one from the FAA currently and one formerly with an airline or the industry.

I would like to indicate for the record that the Subcommittee staff, as I indicated in my opening statement, interviewed more than 150 people and over 40 FAA inspectors and they expressed similar sentiments to those of Mr. Smith, who is sitting here today. All of them spoke only on the condition of anonymity and only the two gentlemen sitting in front of us today were willing to come forward, provided their identities were protected.

There may be the suggestion that we should just simply dismiss the testimony of two disgruntled employees. I want to assure the public that that is not the case, based upon our staff investigation.

With that, let me begin with you, Mr. Smith. In your testimony, and you kindly summarized your testimony rather than reading all of it, you state that inspectors record inspections that were never performed and the fabricated results are entered into the PTRS, the Performance Tracking and Reporting Subsystem. What would motivate inspectors to fabricate inspection data? Why would they want to do this?

Mr. SMITH. The workload is generated by the national program, as in some cases, not realistic. Since the inspector is largely graded on his ability to perform all of these tasks and the associated planned tasks, failure to do so could impact on him directly economically. As a result, he simply completes them all on paper.

Senator COHEN. Do you know if this is a widespread practice? Is it something that is isolated or is it endemic? Is it spread throughout the system, to your knowledge?

Mr. SMITH. Falsification or optimistically completing documentation is widely spread.

Senator COHEN. If this fabricated inspection data is entered into the database, how useful is it to the PTRS?

Mr. SMITH. It destroys the credibility of the program.

Senator COHEN. Do you know whether or not supervisors generally review the PTRS data that inspectors are entering into the system?

Mr. SMITH. They do if it is done in hard copy, because they have to sign each hard copy. If the inspector puts it into the computer himself, the inspector's supervisor does not see it.

Senator COHEN. You testified also in your written statement about inspectors padding or inflating the time it takes to do inspections. Now, FAA headquarters has issued a directive that requires the inspectors to record the actual time rather than so-called standard work hours that are established for various tasks. What would motivate the inspector to pad the time sheets? And again, is this something that is rare or widespread?

Mr. SMITH. You used a key phrase, time sheet. The order itself specifies that this system is not to be used as a time card. Within the operating entity, the districts, many times it is used as a time card. Some districts actually require that inspectors report 8 hours a day. As a result, the inspectors will, in fact, put down the stated

amount of time that the guidance provides them as opposed to the actual amount of time that it takes to do the job.

Senator COHEN. In other words, the standard work time is sometimes much longer than what is required to do the job and therefore they would log in 1 hour or 2 hours when, in fact, it might take ½-hour?

Mr. SMITH. Usually, those figures would be pretty short. I would say they would log 6½ hours when they can get out of the shop or get out of the facility in 2 to 3 hours.

Senator COHEN. Again, is the directive being ignored at the district level, the directive to use actual time spent to do the work?

Mr. SMITH. Yes, but I think you should remember that that is a fairly recent directive, within the last year or so, and it has no impact whatsoever on the previous format that we used or the original part of PTRS. It is still largely ignored in that most of us actually take what it takes, but that does not mean that if you needed the time to satisfy the supervisor, that you would not take it.

The majority of the task times that are in the guidance, in the order itself, are to one extreme or another wildly inaccurate. If you are dealing in a mom-and-pop repair station, and there are a lot of 2-people repair stations out there, and you go in and spend 6½ or 7 hours with that station, you are punishing them by being there when you can do the job in less than 2 hours or 2 hours.

By the same token, if you go to another much larger repair station, you may have to spend 24 hours there. Then you end up answering to somebody why it took you 24 hours to do a 6½ hour job.

Senator COHEN. You are currently responsible for inspecting certain types of aircraft, are you not?

Mr. SMITH. Yes, sir, I am.

Senator COHEN. Is there any training that you require that you are not getting or have not received?

Mr. SMITH. I have no training in heavy aircraft.

Senator COHEN. So your training is with light, small commercial general aviation aircraft?

Mr. SMITH. Yes, sir.

Senator COHEN. Are you required to inspect something larger than that, more complicated?

Mr. SMITH. Yes, sir, from very heavy to heavy aircraft, and I have several responsibilities in that area.

Senator COHEN. Seven-forty-sevens, 737s?

Mr. SMITH. The same size category.

Senator COHEN. In your judgment, is something more required on your part as far as training is concerned?

Mr. SMITH. Very much so. It has been requested repeatedly, and so far, it has been denied, or simply not so much denied as not provided.

Senator COHEN. So basically, you are saying that you can operate or inspect something that is more simple in nature as far as its operation and you can do that effectively, but then you are required to do a job that would be the equivalent, let us say, of someone working on a Model-T Ford and then being required to work on a new Corvette or a new Jaguar or something of that complexity, without the training necessary to look under the hood? You could

not lift the hood of the larger aircraft and know what you are doing?

Mr. SMITH. There has been a situation, in fact, where I did not even know how to open the door.

Senator COHEN. You are required, however, to sign off, are you not? You are required to go to that particular facility, to check off the number of hours it took for you to conduct the inspection, and basically to certify that everything is OK, is that not true?

Mr. SMITH. That is true, but remember this. We do it by regulation and we do it to satisfy those portions of the regulation and guidance. If we are not qualified in the machinery itself, we simply fall back on the regulation and try to cause the operator to meet all of the regulations that we can identify as applying to that product.

Senator COHEN. How do you know what is safe and what is unsafe if you are not even qualified to conduct such an inspection? In other words, you are going blindfolded to an inspection site and you are ill-equipped to make a proper analysis as to whether or not the safety requirements imposed by law and regulation are being complied with. You, in essence, are walking up there with a blindfold on and saying that, "I have done my job and I hope that the airlines are doing theirs." Is that the situation?

Mr. SMITH. I am not being facetious here.

Senator COHEN. I am not being facetious, either.

Mr. SMITH. I am agreeing with you. You are, in a sense, carrying coals to Newcastle. Essentially, let me repeat my last statement, when I reviewed my statement. We do not have the option of demurring. We have to do the job and we have to do it to the best of our ability.

Senator COHEN. And if you complain that you do not have the expertise, those complaints are going unheard as far as your particular case is concerned?

Mr. SMITH. You are told to do it anyway.

Senator COHEN. We do not have to take a hypothetical situation. We have already discussed it in terms of your capabilities as far as small aircraft versus those of large. There are a number of difficulties, I assume, that you are confronted with that you cannot possibly cope with. What you do in that situation is you are relying upon the good faith of the airline itself to do what it is required to do by law, is that a fair statement, because you do not have any option. You can either quit, you can complain to your supervisors, and the chances are you will either be relieved or your complaints will go unheeded.

Mr. SMITH. There is a third option. You can continue to press for compliance with the regulation and the operator himself will have you removed, and that is not uncommon.

Senator COHEN. That is not uncommon?

Mr. SMITH. No, sir, it is not.

Senator COHEN. Do you know any of your colleagues who have had that fate visited upon them?

Mr. SMITH. Yes, sir, several.

Senator COHEN. You testified that you are fearful of reprisals from the FAA. Have you witnessed reprisals being taken against

inspectors who have brought deficiencies or weaknesses to the attention of management?

Mr. SMITH. Not identified as such, but there are more ways for a reprisal to occur than an overt reprisal.

Senator COHEN. For example?

Mr. SMITH. You can see a reduction in your performance—grades, evaluations, at the end of the year. You can——

Senator COHEN. Be reassigned?

Mr. SMITH. You can be reassigned, which is probably the most frequent. Or, you can simply be passed over for consideration for promotions into positions where you can proceed within the organization.

Senator COHEN. In other words you have to have some overt, either reduction or firing or dismissal, in order for the Whistleblower Protection Act to come into play?

Mr. SMITH. Yes, sir, I would say so.

Senator COHEN. There has to be some kind of a formal demotion in job classification. You do not have to respond to this, but what you are saying is something short of formal action being taken against an inspector can, in fact, be one of the inhibiting factors involved in other colleagues of yours not wishing to come forward or not, in fact, complaining much to their supervisors or complaining to the airline operators, for fear that they are going to either be reassigned to a different location, that they will be passed over for promotion, and that there will be a performance evaluation entered in their record which is not complimentary.

Mr. SMITH. First, we would never go to the operator.

Senator COHEN. I thought you indicated that some of your colleagues have, in fact, gone to the airline operator to point out the deficiencies and that has resulted in——

Mr. SMITH. That, we do. I misunderstood your statement. We would never go to the operator and tell him that we had a problem within the agency. That is dealt with in the agency.

Senator COHEN. But you would go to the operator and say, you have a problem with this aircraft?

Mr. SMITH. Oh, yes, very much so.

Senator COHEN. And that could, in turn, result in the inspector being removed, reassigned——

Mr. SMITH. Yes, sir.

Senator COHEN [continuing]. Or some complaint being lodged against his or her competence that would go into the evaluation?

Mr. SMITH. Yes, sir, even to the point where they might take the opportunity of filing a completely false sexual harassment case against an inspector simply because he cited difficulties with the operation. That is one way to move him, get him out of the system.

Senator COHEN. Do you know whether that has occurred, in fact?

Mr. SMITH. This situation has come up. Whether or not it was exactly on that nature, I do not know. But I do know that it has happened.

Senator COHEN. Mr. Jones, you have testified to a number of disturbing practices that air carriers may employ to either hide violations or to otherwise deceive and misdirect FAA inspectors. Did you personally witness such practices?

Mr. JONES. Commonly, sir.

Senator COHEN. I am sorry?

Mr. JONES. Commonly.

Senator COHEN. Commonly? Can you give us some examples of the kind of safety violations or deficiencies that went undetected at the company that you were with that should have been detected by local FAA inspectors?

Mr. JONES. Most of the programs that are requirements by the FAA are usually just paper fronts. The package is put out that says that we will comply, but nothing is really done behind it.

Senator COHEN. To what extent did the violations go undetected because the inspectors did not have the training or the knowledge to catch these violations and to what extent did the inspector simply look the other way, based on your own experience?

Mr. JONES. I can only remember two inspectors that really tried to make points and they were put in their place.

Senator COHEN. For example, how?

Mr. JONES. One was the assistant to the PMI who dug into—we were having problems with ingesting into engines. They were rocks and bolts were being swallowed into the engines and compressor blades were being damaged. There were illegal or improper repairs being conducted to the blades. They were way past limits. It was all being done without any documentation whatsoever and the crews were really upset because the engines were vibrating heavily and they were having abnormal readings.

Compounding the problem was the engine condition monitoring program was taken away from the company and it was being handled by the parent company who leased the engines back to this carrier.

Somehow, this got to the assistant PMI and he started digging into it and he discovered that repairs were being made incorrectly and without documentation. The senior member of management got upset with him and he disappeared off our certificate soon afterwards.

Senator COHEN. In your testimony, you indicated that airlines, or at least one of the airlines that you are familiar with, had a policy of, number one, trying to establish a close relationship between the inspector and the airline itself, right?

Mr. JONES. Usually, the chief inspector is an older gentleman who is either former FAA or he has been around forever. There is a bond there that has developed between the PMIs and this gentleman, and usually they either trust what he says or they do not want to get him in trouble.

Senator COHEN. What about this practice of using attractive secretaries and having the inspection material completed in an office atmosphere of that sort? Is that something that is a deliberate practice on the part of airlines?

Mr. JONES. We kept attractive ladies in the records department because that is where the FAA normally went, and they would turn to social conversations and we would foster that atmosphere.

Senator COHEN. Was it also a practice to bury information inside of voluminous documents about changes that had been made to an aircraft that would require some oversight or supervision or check to see whether it was done correctly or that the parts were, in fact,

properly maintained, and those would go unnoticed? Was that a common practice?

Mr. JONES. Yes, sir. I was taught how to do that and I was instructed to do that by senior management.

Senator COHEN. Do you know, of your own knowledge, whether this is simply a situation with one airline or is this something that goes on in the industry? Can you make any kind of assessment of that?

Mr. JONES. In the area where this airline operates, most of the other small second tier operators are probably as bad or worse.

Senator COHEN. You talked about this personal relationship as part of a practice or policy that is established on the part of the airline with the inspector. The question I would have is, does not the inspector have some concern about his or her career, letting violations go unreported?

Mr. JONES. It seems to me if there is not a problem, they do not go looking for it. If nobody is complaining, nothing gets done.

Senator COHEN. We have a NTSB, the National Transportation Safety Board, official who recently stated, "I have personally watched an FAA inspector do a ramp check of an airplane and walk by two major violations. Inspectors do not just have to be there, they have to know what to look for." Do you have any recommendations that might help FAA inspectors better prepare themselves for uncovering the kind of schemes that you have outlined here today?

Mr. JONES. It seems to me that the FAA is more concerned about paperwork. If the paperwork looks squared away, they stop there. The wings can be falling off, but as long as the paperwork is correct, that is all they care about. So we make the paperwork look right.

Senator COHEN. Thank you.

Senator Levin?

Senator LEVIN. Thank you, Mr. Chairman. Thank you for calling this hearing to cover some very, very serious issues and serious allegations.

Let me first ask Mr. Jones, of the incidents that you observed or that you participated in, how many of these were a threat to human safety, most of them or a small percentage?

Mr. JONES. They varied, sir. Some, such as during overhaul periods, such as flight controls being repaired incorrectly, I consider the most dangerous.

Senator LEVIN. When you saw that happening or not happening, did you report those?

Mr. JONES. The owners of the aircraft, the parent company, had a representative there. His job was to browbeat us into doing whatever they wanted. We would get into arguments with the gentlemen, but basically, we would say, look, this is not right. But basically, we were told to shut up and just do not worry about it.

Senator LEVIN. Since this involved threats to human safety, did you go beyond that argument and report this to authorities that could do something about it, to the FAA, for instance?

Mr. JONES. Sometimes if we really felt strongly about it, the senior people in the inspection department would, in a roundabout way, leak it to the PMI. Then the PMI would come around later

and act as if he had caught it himself. Then it would be our way of forcing our management into taking care of this. So if it was life-threatening, we would leak it to the PMI.

Senator LEVIN. You would find a way to notify the PMI?

Mr. JONES. Yes, sir.

Senator LEVIN. If there was a safety issue?

Mr. JONES. If it was extremely serious and we were like, you could not sleep over it, we would get it to him.

Senator LEVIN. How about if it was serious?

Mr. JONES. It is a judgment call. If you could let it slide and you think it would not cause a crash or a serious incident, you would probably let it slide.

Senator LEVIN. Did you ever do anything other than that? Did you ever send a letter, for instance, even an anonymous letter to the FAA about this?

Mr. JONES. I did not, sir.

Senator LEVIN. How come? Did you not feel some responsibility to do that?

Mr. JONES. If it was serious, we would do it verbally, and I kept meticulous records.

Senator LEVIN. So you have records that you have shared with the Subcommittee about each of the times that you have notified the PMI?

Mr. JONES. I would like to speak to someone before I answer that question.

Senator LEVIN. As to whether you have records?

Mr. JONES. Yes, sir.

Senator LEVIN. Will you let the Subcommittee know what the answer is to that question?

Mr. JONES. Sir, I believe there is someone on the Committee that can answer the question for me.

Senator LEVIN. As to whether or not those records are available? All right.

Did you see gratuities exchanged between any FAA inspector and the airline?

Mr. JONES. Not at my level.

Senator LEVIN. Did you see gratuities exchanged at any level?

Mr. JONES. I never witnessed an FAA inspector taking a bribe.

Senator LEVIN. Did you, yourself, participate in covering up these kinds of activities?

Mr. JONES. That was my job and that was my instructions from senior management. I was ordered to do so.

Senator LEVIN. To actually cover up violations?

Mr. JONES. To make sure that the FAA did not discover something we did not wish for them to find out about.

Senator LEVIN. Was this a frequent occurrence?

Mr. JONES. At this one company, every day.

Senator LEVIN. As I understand it, you worked there for about 5 years?

Mr. JONES. Yes, sir.

Senator LEVIN. What percentage of the time would you have found a way to make sure that the FAA knew about the violation? Was that a rare case where it was very serious or was that common?

Mr. JONES. Mostly, it happened during heavy maintenance periods or when something really serious developed on an airplane that was on the line. There was no set schedule.

Senator LEVIN. Would you say that most of the time, you found a way, or was this a minority of the time that you found a way to get the violations into the hands of the FAA? Was that a rare occurrence or common?

Mr. JONES. It was neither rare nor common. It was in between.

Senator LEVIN. I think you indicated that the blame for this problem rests with the management and the inability of the FAA to control those who attempt to operate in such a manner. I would agree that there is, assuming these events occurred as you described, there is plenty of blame to go around, surely to both management and I would think also part of it, at least, goes to the FAA. Do you bear any share of the blame?

Mr. JONES. Yes, sir.

Senator LEVIN. For failing to what?

Mr. JONES. Because I had to have a job and support my family, I looked the other way and did what I was told.

Senator LEVIN. You mentioned, I think, in one series of comments that we have, and you made reference to it earlier, that the inspectors were distracted by having women in the area of their inspections, is that correct? The male inspectors were——

Mr. JONES. Where the records were kept, we kept attractive females.

Senator LEVIN. Was it your job to set up dates with those females?

Mr. JONES. No. A couple of times, they asked and nothing came of it.

Senator LEVIN. But it was not your role to try to facilitate dates between——

Mr. JONES. No, sir.

Senator LEVIN. Were the FAA inspectors bad at finding the problems or were you and your colleagues exceptionally good at hiding them?

Mr. JONES. I think we were just clever at resolving the situation. If the inspectors, the FAA inspectors, really looked and kept things objective, they still might not have found it. It was just we were really good at what we did.

Senator LEVIN. Which was hiding the problem?

Mr. JONES. At making the paperwork look correct.

Senator LEVIN. Although it was false?

Mr. JONES. Although what really happened on the airplane might be totally different.

Senator LEVIN. Thanks. Thank you, Mr. Chairman.

Senator COHEN. I am going to ask that the room be cleared so that these two witnesses can depart. We will resume as soon as they have departed.

I want to thank both Mr. Smith and Mr. Jones for your willingness to come forward and talk about issues which others have refused to discuss on the record. I commend you for your willingness to do that.

[Recess.]

Senator COHEN. The Subcommittee will resume order. Let me thank all members of the audience and also the members of the media who are here for their accommodating our witnesses.

On our second panel, I want to welcome Gerald Dillingham, who is the Associate Director for Transportation and Telecommunications Issues in the GAO's Resources, Community, and Economic Development Division. Mr. Dillingham is accompanied by Bonnie Beckett-Hoffmann and Steve Calvo. Both are Senior Evaluators.

Mr. Raymond DeCarli, the Assistant Inspector General for Auditing at the Department of Transportation's Office of Inspector General could not be here today, but we have in his place Mr. Larry Weintrob, who is the Deputy Assistant Inspector General for Auditing and John Meche, Manager of the Inspector General's Fort Worth Regional Office.

Mr. Dillingham, please proceed.

TESTIMONY OF GERALD L. DILLINGHAM,[1] ASSOCIATE DIRECTOR, TRANSPORTATION AND TELECOMMUNICATIONS ISSUES, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY BONNIE BECKETT-HOFFMANN, SENIOR EVALUATOR, AND STEVE CALVO, SENIOR EVALUATOR

Mr. DILLINGHAM. Thank you, Mr. Chairman, Senator Levin. We appreciate the opportunity to be here this morning to testify on FAA's inspection and surveillance program.

Although the accident rate for air travel in this country is among the lowest in the world and aviation is one of the safest means of transportation, inspectors and their work are critical elements of an early warning system to maintain that safety record and enhance the existing margin of safety. In an era when funding for technical training has declined about 40 percent over the last 3 years and FAA's inspection responsibilities have remained the same or increased, it is critical that FAA make the most efficient use of available technical and human resources.

Our testimony today draws on our work from the past several years and focuses on the agency's progress and remaining challenges in these areas.

With regard to the first issue of technology utilization, as early as 1987, we noted that because FAA may never have enough resources to inspect all the aircraft, facilities, and pilots that it has responsibility for, the agency should develop criteria for targeting the inspections to the areas of greatest need.

In response to that situation, FAA began in 1991 to develop a database system to aggregate available data on inspection results and other safety-related information. This system is known as the Safety Performance Analysis System, or SPAS. Last year, we reported that although FAA had done a credible job in analyzing and defining the system's user requirements, SPAS could still potentially misdirect FAA resources due to the quality of its source databases.

We recommended at that time that FAA develop and implement a comprehensive strategy to improve the quality of all data in the

[1] The prepared statement of Mr. Dillingham appears on page 65.

source databases. As of today, only partial fixes have been implemented, and the comprehensive strategy is in draft form but has not been approved by the agency management and, therefore, not implemented.

Although we have not determined the full extent of the problems, our recent audit work has identified continuing concerns with the quality of data entered into the various source databases for SPAS. Several FAA inspectors we talked to noted their concerns about the reliability and consistency of data entered into the source databases that contain the results of safety inspections.

For example, we found a database entry indicating an inspection that never occurred on a type of aircraft that the carrier did not even have in its fleet. The axiom of garbage in and garbage out seems to apply in this case.

Until FAA completes and implements its strategy, the extent and the impact of the problems with the quality of systems data will remain unclear. But depending on the nature and scope of these type of data problems, it could jeopardize the potential benefits of the $32 million invested in SPAS to target inspector resources.

With regard to human resources, a similar situation exists as with technology. That is, over the last decade, we and others have repeatedly identified problems and concerns related to the technical training FAA has provided its inspectors. In response to these problems and concerns, the agency has initiated several efforts to address them and make its technical training program more efficient, including a 1992 initiative that resulted in a centralized process to determine, prioritize, and fund its technical training needs. This process is intended to ensure that funds are first allocated for training that are essential to fulfilling FAA's mission.

The agency also increased the use of distance learning techniques, such as computer-based instruction and interactive classes televised by satellites and using flight simulators in place of actual aircraft training time. FAA also reduced the number of inspections for which aircraft-specific training is essential and limited that training to only those inspectors who conduct those types of inspections.

Nevertheless, our recent work suggests at least a residual of problems remains in each of these areas. For example, some of the inspectors we interviewed said that the centralized training process was not ensuring that they received the specific training or received it in a timely manner for the assigned responsibilities that they currently have.

One maintenance told us he was responsible for inspecting seven commuter airlines but had never attended maintenance training school for the type of aircraft he inspects. In another example, an inspector said that he had requested Airbus 320 training when the carrier he inspected began using that type of aircraft. He said he did not receive that training until 2 years after the company had gone out of business.

With regard to distance learning, the effectiveness of various forms of distance learning, such as computer-based instruction, is dependent upon the availability of course materials and widespread dissemination of the information about their availability. Our re-

search and interviews with several inspectors in the field indicate FAA could improve its efforts in both of these areas.

Although FAA has reduced the number of inspections for which aircraft-specific training is required, there are at least two different lists of these inspections. Our inspector interviews indicate that some inspectors continue to perform inspections for which they are not fully qualified. These inspectors also expressed concern about the availability of even the specially-trained or resource inspectors when they are needed and their familiarity with the operations of a specific airline which they may be called upon to inspect.

Turning to the future, for fiscal year 1996, the FAA training needs assessment process identified a need for $94 million to fund operationally-essential training. However, due to overall budget reductions, FAA was allocated only $74 million for this purpose. One result of this allocation is that the budget for regulation and certification is $5.2 million short of the amount that has been identified for operationally-essential training and is projected to be as much as $8 million short in fiscal year 1997.

In the final analysis, in a time of diminishing resources to meet its training needs, FAA must maximize the potential efficiencies in the initiatives it has started by seeing them through to completion, implementation, and evaluation, and it should give serious consideration to identifying other sources of efficiencies, such as closing its management training facility in Palm Coast and consolidating its functions with its primary training facility in Oklahoma City. This action alone could save as much as $1 million annually.

Mr. Chairman, this completes our statement. We will be pleased to answer any questions that you or Mr. Levin may have.

Senator COHEN. Thank you very much, Mr. Dillingham.

Mr. Weintrob?

TESTIMONY OF LAWRENCE H. WEINTROB, DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDITING, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF TRANSPORTATION; ACCOMPANIED BY JOHN L. MECHE, REGIONAL MANAGER, REGION 6

Mr. WEINTROB. Good morning, Mr. Chairman and Senator Levin. Mr. DeCarli sends his regrets that he could not be here this morning. If it pleases the Subcommittee, he would like to have his statement entered for the record and I have some opening remarks.

Senator COHEN. It will be included in full.[1]

Mr. WEINTROB. Thank you. FAA's most important missions are to ensure that air travel is safe and to patrol this Nation's air traffic on the ground and in the skies. To accomplish its safety oversight responsibilities, FAA established a series of procedures, manuals, circulars, and regulations, all designed to license individuals and corporations, grant approvals for the production of aircraft and aviation parts, assure compliance with mandatory aviation requirements, and accomplish periodic surveillance inspections of aviation safety-related activities. These programs are executed by a cadre of over 2,500 inspectors and are further augmented by non-Government FAA-designated examiners.

[1] The prepared statement of Mr. DeCarli appears on page 83.

Our work has led us to conclude that good inspections organizations generally have some basic characteristics. They have an inventory of the entities they are responsible for overseeing. They have a process for targeting high-risk activities. They have well-defined inspection requirements which clearly identify the critical items that must be reviewed. They have documentation showing what was inspected and the results of their inspections. They have a system for communicating identified problems to the entity inspected. They have a system to record, track, and follow up on needed corrective actions. And, they have a process to periodically analyze the results of inspections in order to identify problems that may need to be addressed systemically.

While the United States operates the most complex air transportation system in the world, FAA's safety inspection programs do not include all of these characteristics. Significant improvements are needed.

Like most Government oversight organizations, the FAA will never have enough resources to comprehensively inspect everything. There are simply too many manufacturers, repair stations, aircraft operators, and airports for FAA to have resources to thoroughly inspect them all on a regular basis. Therefore, FAA must identify its inspection responsibilities and prioritize its work so that resources are focused on those entities having the highest risk. However, FAA has not collected the information nor developed its databases necessary to prioritize its work and target its inspection resources.

In 1990, we audited FAA's inspections of commercial airlines. Our audit disclosed that 84 aircraft operators were inspected between 200 and 18,000 times each. In fact, one plane operated by a commercial air carrier was inspected 200 times in 1 year, although no significant violations had been identified, and virtually 1,100 aircraft operators for whom inspections were required were not inspected.

Our ongoing follow-up audit, as preliminary as our results are as of today, shows that inspection resources are still not targeted to entities having the greatest risk. We found inspectors typically do repetitive inspections which primarily focus on the large operators without considering the operators' compliance and safety records.

For example, during fiscal year 1995, Delta Airlines, operating 542 aircraft, received the most surveillance, with almost 13,000 inspections. These inspections identified only seven violations for which FAA initiated enforcement actions.

In fiscal year 1994, FAA reported that it accomplished 99.8 percent of its required inspections. That sounds like a significant improvement compared to our findings in 1990. However, FAA actually reduced the number of required inspections from 103,000 in 1990 to 44,000 in 1994. So while FAA substantially improved the percentage of required inspections it accomplished, the actual number of required inspections completed declined significantly.

On the other hand, the number of inspections left to the discretion of individual inspectors increased significantly, from 168,000 in fiscal year 1990 to 267,000 in fiscal year 1994.

Our 1993 audit of foreign and domestic repair stations reaffirmed our conclusions from our prior audits. FAA guidelines require avia-

tion safety inspectors to conduct one facility inspection annually for each domestic and foreign repair station, regardless of size, type, significance of repairs, level of activities, or types of recurring violations.

There are significant differences between repair stations. Some are small operations doing repair on parts that may or may not be safety-critical. Others, however, have hundreds of employees, repair safety-critical items, and have sales volumes in the hundreds of millions of dollars.

In its program for inspections at repair stations, FAA did not target major or safety-critical stations for higher levels of FAA surveillance. In fact, FAA did not maintain the data necessary to identify major or safety-critical repair stations or to perform a risk assessment. Considering the aviation repair industry is large and diverse, accurate and detailed information is necessary to design and implement a cost-effective inspection program.

During our audit of two Flight Standard District Offices, referred to as FSDOs, in FAA's Southern Region, we found 22 percent of repair stations had either no ratings or incorrect ratings assigned in FAA's vital information system. In addition, the information system did not track specific makes or models of aircraft, or components, repaired by those stations.

To determine specifically what aircraft, engine, or part each repair station was qualified and approved to work on required a time consuming review of each station's certificate. The current certificates were not easily obtainable because they were maintained at each individual FSDO rather than at a central location.

FAA has recognized the need for improvement in prioritizing its workload and initiated development of an automated Safety Performance Analysis System, SPAS, as we heard earlier. We have not reviewed the system and therefore cannot address how it will impact FAA's inspections.

Over the past 5 years, however, we have interviewed many FAA inspectors. We concluded that, given adequate time, a well trained, conscientious inspector can do a good inspection even without having specific inspection guidelines. However, in the aviation operations environment, inspections are often performed under constrained time frames and are driven by circumstances well beyond the control of the inspector. Furthermore, some inspectors may not know what essential items should be inspected and others appear to lack the initiative to do a thorough job.

For these reasons, we have consistently maintained that for each type of inspection, FAA should use a systematic approach. In other words, for each type of inspection, there should be a list of specific items that are critical and must be reviewed for that type of inspection. Furthermore, when these items are inspected, there should be documentation. Without such minimum standards, we have little confidence that the inspections are thorough and consistent and provide little assurance that safety requirements are being met.

FAA performs tens of thousands of ramp inspections on commercial carriers annually. In our prior audit of the aviation inspection program, we found most ramp inspections were significantly limited. Important items, such as landing gears, were checked only 48 percent of the time. Oxygen was checked only 43 percent of the

time. Can you imagine taking your car in for an inspection and having only the brakes and tires inspected, driving away, and feel confident in it?

At the very extreme, we observed inspections that consisted of nothing more than a walk around the aircraft looking for leaking fluids. So even though FAA makes tens of thousands of inspections annually, no one knows how many were comprehensive and how many were cursory.

During fiscal year 1995, FAA spent about 25 percent of its surveillance efforts making 34,000 ramp inspections. Less than one percent of these inspections resulted in enforcement actions.

In response to the Secretary's goal of zero accidents, however, FAA inspectors also completed 105 focused inspections of commercial operators. These inspections were made using National Aviation Safety Inspection Program, referred to as NASIP, standards and procedures. The NASIP approach was a structured review performed by inspectors who did not work for the certificate-holding FSDO. NASIP inspections disclosed over 2,000 findings and FAA suspended operations of four commercial operators after the NASIP inspections.

For example, six inspectors performed a NASIP inspection of a Miami-based operator between February 27 and March 8, 1995. The NASIP inspectors identified 36 significant problems not disclosed by the normal Miami-based FAA inspector. The NASIP inspectors initiated 12 enforcement actions and FAA suspended the operations of that operator for more than 2 months.

By comparison, the Miami FSDO made 502 inspections of the same operator during fiscal year 1994 and identified only two violations. The results suggest that FAA may be able to significantly reduce ramp inspections and improve the effectiveness of their inspection program by adopting a more structured methodology and by using inspectors who do not inspect the same operations day after day.

We found similar problems in our audit of repair stations. Federal Aviation Regulations require each person performing aircraft maintenance and repair to use the methods, techniques, and practices prescribed in the manufacturer's current maintenance manual or other procedures acceptable to the FAA. Manufacturers' maintenance manuals, including approved repair processes, are issued for each aircraft, aircraft engine, propeller, and component. Manufacturers' maintenance manuals are revised periodically to reflect changes to repair procedures and techniques necessitated by numerous factors, such as engineering changes and technological improvements.

Despite the criticality of having current repair manuals, there is no requirement for FAA inspectors inspecting repair stations to check specific items, including the manuals in use. We visited 14 repair stations and found that five performed repairs for U.S.-registered aircraft using outdated manufacturers' maintenance manuals. We found that 11 of 73 manufacturers' maintenance manuals in use, and reviewed during our audit, were not the most current editions. We determined that repair stations used outdated manuals to perform at least 47 repairs of components such as actuators, vertical gyros, and air compressors.

FAA management does not believe that minimum mandatory inspection requirements are necessary. The FAA position has been that FAA inspectors are experienced professionals who should have vast latitude in determining the scope of their work. We agree that inspectors need latitude, but it should also be applied only after the most critical items have been inspected.

In our prior audit, we identified a problem associated with using standard times in the program tracking and reporting system for quantifying resources associated with inspections. We reported inspectors accounted for their time based on established standard time for specific types of inspections, regardless of how much time they actually took. We identified one inspector who recorded, based on the standard time, 204 hours of inspections during 1 day of actual work. The FAA agreed to correct the situation and has since required inspectors to record their actual time.

During our current audit, again, which is still in the preliminary stages, inspectors were recording, as actual, time spent which was often less than the standard time. However, inspectors were reporting multiple inspections concurrently. There was an inspector who made concurrent inspections and overstated time spent on those inspections.

For one example, during a 12-hour international flight, an inspector accomplished five concurrent inspections. For these inspections, he recorded 46.9 actual hours of work accomplished on a 12-hour flight. While the case may be extreme, it is not unusual for inspectors to record more than 10 hours of inspection time a day.

While mandatory inspection requirements can help to focus inspectors on critical items, the FAA also needs to do unannounced inspections using realistic testing techniques. Then FAA needs to call the results as they see them. The FAA too often appears to be more concerned about the impact its decisions will have on the industry, rather than with stringent enforcement of its safety regulations.

Our audit of designated mechanic examiners, referred to as DMEs, provides a good example of ineffective oversight. DMEs are experienced non-Government aviation mechanics appointed by FAA to test applicants who want to become certified aviation mechanics. As of May 1992, 669 designed mechanic examiners tested about 20,000 applicants. In fiscal year 1992, FAA performed 1,200 surveillance inspections of the mechanic examiners to ensure testing was adequate and in accordance with the established procedures and requirements.

We observed the testing administered by 35 DMEs and FAA's oversight of them. Prior to our audit, the passing rate for the 35 designed mechanic examiners we observed was 98.6 percent, only 38 failures out of 2,800 tests. Amazingly, the passing rate dropped to 58.1 percent when we were present during the testing. We identified one examiner who was actually giving the exam in a bedroom in his house. That is interesting, because this particular test required access to an engine with hydraulic pressure, obviously not something he could do in his bedroom.

FAA has the ability to do more realistic and in-depth inspections. However, if this is done, they probably will identify more deficiencies and enforcement actions will likely increase. We have been

told by FAA inspectors that they have been told that FAA adjudicators have little time and desire fewer enforcement actions rather than more.

Another problem is the lack of knowledge by some FAA inspectors. During our audit of designated mechanic examiners, we wanted to know if the FAA inspectors were knowledgeable of the basic test requirements. We randomly asked 20 inspectors the following questions related to requirements of the oral portion of the examination. What was the minimum number of questions required for each subject and what was the minimum passing grade for each subject?

We found that 17 of the 20 inspectors did not know the correct answers to at least one of the questions. Based on results of that audit, it was obvious that FAA surveillance of that program was not sufficient to provide assurances that DME-certified mechanics, as officially endorsed by FAA, actually possessed adequate skills and knowledge.

Although the focus of this hearing is about inspections, it is not possible to fully address adequacy of FAA safety oversight without at least mentioning two parts-related issues in which FAA oversight has been deficient.

The first relates to ensuring manufacturers producing and selling parts have the requisite approvals and authority. FAA knowingly failed to oversee and enforce implementation of its regulatory requirement for many years. While FAA inspections of repair stations, over the years, have shown that parts produced by manufacturers without requisite authority were being used, FAA did little to enforce its requirements. FAA's inactions contributed to substantial inventory of unapproved aircraft parts in existence today.

The second issue relates to FAA's oversight of foreign manufactured parts. Although such oversight is required by FAA's own orders, at the time of our audit in 1992, FAA inspectors had not identified the foreign manufactured parts that were critical to safety and did not plan for or perform any surveillance of foreign suppliers of these parts.

FAA's response to our audit addressing foreign manufactured parts included a discussion of insufficient resources to accomplish those required inspections. However, as I had previously stated, FAA used inspection resources to conduct over 13,000 inspections of a single carrier. This is another example of failure to prioritize and target inspection resources.

Since that prior audit, by the way, FAA has advised us that they initiated corrective action on both of the two issues I have discussed. We have not evaluated that action at this point in time.

Many FAA inspectors do not properly report or follow up on deficiencies identified during inspections. In 1991, we observed 60 ramp inspections during which 92 deficiencies were identified that required airlines to make corrective actions. Inspectors did not report 71 of those 92 deficiencies in FAA's database so that corrective action could be tracked.

Furthermore, inspectors did not report all violations for appropriate enforcement action. During fiscal year 1990, 6 of 79 FSDOs across the country accounted for 56 percent of enforcement actions, while 49 FSDOs recorded no enforcement actions. More recently,

FAA's fiscal year 1994 statistics indicate that 6 of 96 FSDOs accounted for 54 percent of enforcement actions, while 52 FSDOs recorded no enforcement action. As part of our current audit, we will determine the reason for these differences.

During the past 4 years, the Office of Inspector General has made 70 recommendations to improve FAA's safety oversight mission. There has been some improvement, but more needs to be done. A list of the safety-related recommendations, together with FAA's position and the current status of these recommendations, is attached to our submitted statement.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions that you have.

Senator COHEN. Thank you very much, Mr. Weintrob.

First, let me indicate that Senator Levin had to leave to attend another Committee hearing and hopes to get back in time for our third panel when Mr. Hinson, the Administrator, will be testifying.

I wanted to indicate for the record that he and I have served on this Committee for the past 18 years, and during that time there has been a Republican administration, there has been a Democratic administration, and we have switched back and forth from Chairman to ranking member, but we have tried our best to conduct a totally impartial Subcommittee based on our oversight responsibilities. While we are now inquiring as to this administration's handling of air safety problems, I want to make it very clear for the record, there should be no question of partisanship. This is an ongoing inquiry that we have conducted for the past 10 years to make sure that we maintain the very highest standards that we can.

Obviously, Administrator Hinson is only one individual. He cannot change the bureaucracy or the culture by himself, any more than any one person can. But it is within that context that I want to conduct this examination.

I looked at the Metro section of the Washington Post this morning and it says, "Records Show Metro Officials Knew of Braking Problems", discussing one of the situations where a train crashed out of control because of a braking problem during icy weather. We want to make sure that we do not have to wait until an accident occurs and then discover after the fact that there were problems associated with the running of a train or an aircraft or the airline industry that we should know about, and then take corrective action after many lives have been lost.

So it is within that spirit that I have called for this particular hearing, to get an update as to where we have been in the past 10 years, which has been not as up to par as it should be, and where we are today and where we hope to be.

With that in mind, Mr. Dillingham, let me direct a few questions to you. On March 7 of this year, some of your colleagues at the GAO testified before the House Transportation Appropriation Subcommittee that the FAA's culture was the root cause of its problems in modernizing the air traffic control system. GAO specifically discussed how the FAA did not make decisions with a focus on its mission, did not hold managers accountable for their actions, and did not effectively coordinate internally as well as with external organizations.

Then about 7 months earlier, a Senate Aviation Subcommittee hearing, again, your colleagues described FAA's culture as "protect your turf, avoid accountability, and resist change".

My first question is, do you agree with your colleagues' assessment, that it is a fair characterization of the FAA culture?

Mr. DILLINGHAM. Mr. Chairman, I agree with the previous findings from GAO, but I would like to say that this work, as you mentioned, was done with specific regard to acquisitions and the fact that some of the acquisitions have been way over budget and way behind schedule. But some of the characteristics of that part of FAA's culture are also applicable in this area, as well.

Senator COHEN. Back in 1992 at a House Public Works and Transportation hearing, again, GAO testified the FAA cannot—and I am emphasizing that word—cannot provide sufficient assurance of airline safety and regulatory compliance. The GAO further testified that the inspection program continued to be plagued by a series of core deficiencies, all of which the FAA under various administrators said would be corrected several years ago. The GAO concluded that the FAA was not well positioned to target inspection resources on the basis of airline risk.

You have indicated that there have been a number of initiatives undertaken by Administrator Hinson, and we want to commend him for that. You specifically referred to the SPAS system, which we will talk about in a moment. But can you give us assurance that the FAA is effectively targeting its ever-diminishing resources to the highest-risk categories?

Mr. DILLINGHAM. Unfortunately, Mr. Chairman, we cannot give that assurance this morning. Although efforts are underway, those efforts are still either in the draft stage or not completely implemented, particularly with regard to the SPAS system.

Senator COHEN. But basically, this is a problem which has persisted over at least a decade if not longer, and we are still at the stage in 1996 where it is sort of like the Red Sox, we are waiting for the pennant next year; wait until next year and we will get there. But we still cannot give the kind of assurance that is necessary to say, we are really looking at the most serious problems, the high risk problems, and utilizing whatever resources we have the most efficiently and effectively. We cannot make that statement today.

Mr. DILLINGHAM. That is correct, sir.

Senator COHEN. In your testimony you said that some of the inspectors still do not receive needed technical training, and you cited some specific examples such as the maintenance inspector who is responsible for inspecting some seven commuter airlines and had never received any maintenance training for the types of aircraft he inspected. In your written statement you also talked about inspectors who are responsible for approving the Global Positioning System receivers, the so-called GPS receivers, who had not received any formal training on that equipment.

We have had, time after time, the FAA testifying before the Congress that their inspectors are not required to carry out any kind of surveillance or inspection on aircraft or equipment for which they have not received adequate training. So the question is, is the FAA correct or is the GAO correct in this case?

Mr. DILLINGHAM. That is a tough question. Let me answer part of it and ask my colleagues to give you some examples.

Senator COHEN. You were here, I assume, this morning when we had one FAA inspector say that his expertise was on small commuter aircraft and he is now required to inspect much larger aircraft. He has no training and he feels incompetent to do that, but he is required to it nonetheless. I asked him whether or not this is something unique, is he a rare exception? He indicated he thinks it is much more widespread. What does your analysis tell us?

Mr. DILLINGHAM. What we found, Mr. Chairman, is that inspectors have a range of responsibilities. At one end of that continuum they are very well prepared to inspect and carry out their responsibilities. For example, if they have experience and training in GA and that is part of their range of responsibilities at their particular district office, they conduct those investigations and inspections with great rigor.

However, if they are in fact charged with not only GA but they may also have some heavy aircraft, they may also have some more modern equipment in some of the newer aircraft, they do not have that training necessary. The GPS example is one of those. Glass cockpit, the new avionics. They have asked for that training. We have examples of where inspectors have asked but have not been able to receive that training.

So what they tell us they do is that they try and rely on their own resources in terms of reading journals or talking with the manufacturers, any way they can get any kind of insight into the things that they do not have until they are able to get that training is the way they manage to sort of patch it together.

Senator COHEN. You indicate in your statement, until the FAA identifies the specific inspection activities that require aircraft-specific training or type ratings it is going to remain unclear whether some inspections are being performed by inspectors without appropriate credentials.

Mr. DILLINGHAM. That is also true, Mr. Chairman. The point that we were making is that FAA in its efforts, and to its credit, has tried to minimize the number of inspections that in fact require specific type rating and currency. However, there are at least two different lists, one with 48 inspections on it, another with 15 on it. So there is still not a clear delineation of which inspections require currency or type rating. In our work, we did not find anyone doing inspections that they were not current for or type rated for.

Senator COHEN. Let me just put it as simply as I can. We have a mechanic who is competent to work on a car, let us say that was put out in 1975, and that mechanic had received no additional training and he is required now to inspect and work on a car that is issued in 1996. Is there any question in your mind that that mechanic would have some difficulty in dealing with the new 1996 model? Would he be competent to conduct either an inspection of such a model?

Mr. DILLINGHAM. We asked that question. We had the same question as we looked at these same issues. And part of the answer we got is that the inspectors have basic training. For example, if we take the car analogy, they may be able to fix disc brakes but the new cars have computer-controlled brakes. So they have the

basic knowledge for brakes, but when you get to something more sophisticated then you start to lose it. So I guess the short answer is that there is a degradation of their ability to inspect the newer aircraft and the newer avionics if they have not been trained.

Senator COHEN. One of my sons is a master mechanic and he is required, nonetheless, periodically to go back for training because the cars that come out every single year are more and more sophisticated. He would not be competent to work on those cars without additional training. Should not the same be true of inspectors who are required to examine sophisticated aircraft that are coming out with new glass cockpits, as you have discussed, and new equipment that is designed to make the aircraft more efficient and more safe?

Mr. DILLINGHAM. Yes, sir.

Senator COHEN. And to your knowledge, we cannot say that is being done.

Mr. DILLINGHAM. We can say it is being done to some extent. But on the other end, we clearly have indications that there are inspectors who need training, who have asked for training, and who have not gotten the training.

Senator COHEN. On the subject of aircraft-specific training you have noted the budget constraints have forced the FAA to move the training goalposts and that the FAA has reduced the number of inspections for which this type of training is considered essential. Has the agency done any kind of an analysis of the potential or actual safety implications of this decision?

Mr. DILLINGHAM. Not to our knowledge, Mr. Chairman.

Senator COHEN. So you do not know whether or not any calculated savings have been achieved and whether there has been any risk imposed to the flying public?

Mr. DILLINGHAM. We asked that question or a version of that question and the agency told us that no studies had been conducted at this point in time to assess the impact of, as you know, moving the goalposts.

Senator COHEN. Now you also a moment ago talked about savings that could be achieved by relocating the Center for Management Development in Palm Coast, Florida over to the academy in Oklahoma City. About $1 million a year you have indicated could be saved?

Mr. DILLINGHAM. Yes, sir.

Senator COHEN. In view of the fact that I think their lease is coming up for renewal in another year, would this not be a cost saving that we could use to put toward training? My understanding is the FAA has increased the number of inspectors, which is good, but they have not increased the level of training for those inspectors in a commensurate fashion. So in essence, we have got bodies to go out and do the work but they are not necessarily trained to do the work.

Now is this not an area that we could recommend that consolidating those two facilities would at least provide additional dollars? We could perhaps use $5 million or even $10 million in the coming years for additional training?

Mr. DILLINGHAM. Yes, sir. We believe it is an opportune time because of the termination of the 10-year lease, and that is the biggest cost that they have at the management training center. If they

could do it before the lease time comes up, savings are possible there.

Senator COHEN. GAO issued a report back in 1991 entitled, Problems Persist in FAA's Inspection Program. Are there any recommendations made in that report that remain open today or have not been closed or implemented as recommended?

Mr. DILLINGHAM. Mr. Chairman, I think we have issued probably somewhere in the neighborhood of 12 to 16 reports over the last 10 years and I think, if I am not mistaken, the one that you are referring to has to do with the management of the inspection capabilities. We had four recommendations in that report, and to my knowledge none of those recommendations have been completed at this point in time. And they all had to do with, I guess one of the ideas was to get——

Senator COHEN. By the way, Senator Levin asked me if that was an eye exam chart. It is not. [Laughter.]

Mr. DILLINGHAM. Yes, it is the program tracking and reporting data sheet, and on the bottom of it is where inspectors write narrative comments and to the left is where those comments are coded. One of our recommendations was that the FAA should clarify and define what those codes actually mean so that there was some consistency across inspectors and would allow for aggregating the data. That has not been completed yet. We understand that there is a draft in place, again, that has not been vetted at the agency.

Senator COHEN. If we can get that circulated perhaps to those in the audience who may be covering this? Is there any place on that chart that indicates what has been completed, what specific inspection has been done on specific parts or operations?

Mr. DILLINGHAM. That was one of our other recommendations, which was to record corrective actions. To our knowledge, there has not been a national directive put out to make that so. In doing our field research when we out to the local district offices, we found some cases where they were being told and encouraged to in fact record corrective actions that were taken. When we talked to the inspectors some said they were doing it, some said they were not.

Another recommendation we had had to do with for the agency to develop an overall risk assessment of an airline, its maintenance, its operation, its avionics, so that there would be a sort of a sum of what the safety status is of this airline. FAA said that that would be accomplished by the SPAS system. As I indicated, SPAS is still at the sort of draft stage in many ways.

Senator COHEN. If I could interrupt you here, my understanding from the testimony we had earlier is that the PTRS, which is the current system, is filled with inaccuracies or incomplete data and that in turn is going to be relied upon for the SPAS system, is it not?

Mr. DILLINGHAM. Exactly.

Senator COHEN. You used the phrase in your testimony, garbage in, garbage out. If you have got a brand new system that you are spending some $30-plus million to develop and we are taking the data from information recorded there, putting it into the system, what does that tell you in terms of the reliability of the information?

Mr. DILLINGHAM. It is not very good. And that was our fourth recommendation was for them to in fact develop a comprehensive strategy to ensure that the source data, PTRS being one source, was in fact accurate and reliable. Again, unfortunately, that comprehensive strategy is still at the draft stage and not implement.

So in sum, the four recommendations we made in that report, which was one of the centerpieces of our look at inspections, have not been implemented in the four-and-a-half years since we issued that report.

Senator COHEN. Has the FAA disagreed with the validity of the recommendations? Have they challenged your recommendations saying they are inappropriate?

Mr. DILLINGHAM. No, sir, it has not been a matter of FAA not agreeing or concurring with the recommendations. It has been a matter of implementation all the way; drafts in a number of cases, but not full implementation.

Senator COHEN. Why does it take 4½ years to do this?

Mr. DILLINGHAM. I really cannot answer that, Mr. Chairman. It seems like a long time for us. With regard to the SPAS system, we know that it took three or 4 years just to get started. Now that it has gotten started, they have gotten a system up, there are hardware, software, and other kinds of logistical problems. Our understanding about why the draft is still draft is that when FAA received the draft they did not think it was comprehensive enough. It did not include some of the local initiatives that are being done at the district offices. It did not include some work that was being done at Sandia National Labs. So that is being vetted and filled out.

So there are all kinds of reasons and rationales offered up, but I cannot really say exactly why it is all taking so long.

Senator COHEN. Let me turn to you, Mr. Weintrob. In your 1992 audit of the FAA's inspection program and your follow-up effort you have identified deficiencies with the data in the PTRS system. What, in your judgment, is the impact of the reliability of that data? What is the impact upon the SPAS system? I just raised this as an issue with Mr. Dillingham. Do you conclude that if you have this kind of incomplete, unreliable information going into the new system we are going to end up with a modern computerized system with insufficient information or erroneous or fabricated information?

Mr. WEINTROB. Yes, we do agree.

Senator COHEN. It is like a virus entering the computer, is it not?

Mr. WEINTROB. It is. We would hope that the data in the system, even before SPAS in PTRS, but once SPAS gets on board also, would be sufficiently accurate so that FAA can identify targeted needs for inspections, prioritize inspections, and do less inspections that have low payoffs and more of those that have returns. But unless FAA has accurate data, they are not going to be able to prioritize the work.

Senator COHEN. You also recommended that the FAA use a systematic approach which you have talked about in terms of trying to develop a list of specific items that are critical to safety. You mentioned taking your car in for inspection. When any of us take our car in for inspection there are about 20 items that have to be

checked off by that inspector before we get an authorization to put that car on the road.

There is no such specific list, as I understand it, developed by the FAA. As a matter of fact, you have recommended they maintain or develop such a specific list. The FAA disagrees with that recommendation based on the assumption, I assume, that the FAA inspectors need to have great flexibility out in the field and that if you hire a competent, well-trained inspector then you should rely upon his certification without going into the specific details. Is that correct?

Mr. WEINTROB. That is very correct. The FAA has maintained that no specific list is needed and the inspectors, well-experienced inspectors, well-intentioned inspectors will do the job that is necessary. We have maintained ever since 1992 that there should be a list, no matter how long or short, of those items that ought to be done for every inspection before that inspection is considered an inspection.

A ramp inspection can range anywhere from a drive-by of the tail of that plane looking for leaks to an inspector spending an hour or more performing a very detailed examination of many items that one would expect. So when one goes to the database that shows thousands of inspections, you have no idea how comprehensive or cursory those inspections were.

Senator COHEN. So basically the position is, we have hired competent people, they are well-trained, they are well-intentioned, they are highly motivated. Therefore, when they conduct the inspections and they sign their name off on the inspection sheet, that is good enough for us. The question is, how do we know? Here we have had witnesses, one from industry, one from FAA say, inspectors are not trained properly, they are not kept up to date on the most recent innovations.

I want to be very clear, it is not just one disgruntled employee. It is something that we have found in talking to a wide variety of individuals who are reluctant to come forward, saying this is a serious problem for us. So we are relying upon people, saying they are well-trained and well-intentioned, and yet the evidence would seem to indicate that not everybody is well-trained. Most may be well-intentioned, if not all. But then we have the games being played by some in the airline industry who conceive of ways to deceive, manipulate the inspectors, or compromise them in some fashion.

So here we have, again, this one form which does not tell you what has been done.

Mr. WEINTROB. And there is not a requirement to fill out that form. There are some inspectors who upon completion of an inspection will go to a computer terminal and enter in basically what is on that form without ever having a hard piece of paper. In our current audit, which again I have to stress is very preliminary, we have observed inspectors recording data into the database without the written documents and we have seen that they recorded less than what was done.

Senator COHEN. In your 1992 audit you made two recommendations I would like to explore just for a moment. The first recommendation dealt with revising the inspector's handbook to direct inspectors to record deficiencies into the aircraft operator's logbook

and then to sign and date the logbook upon completion of the inspection. The second recommendation was to expand the handbook to establish procedures and responsibilities for supervisor review of those inspections and reports.

According to the attachment that you submitted with your testimony, the FAA has disagreed with both recommendations and no action has been taken. The question I have is, can you understand the rationale behind these recommendations being rejected by the FAA?

Mr. WEINTROB. No, I cannot. It confuses me and the Inspector General. We have discussed it at length. We believe these aspects of an inspection program, as I mentioned in my statement, are very important and without them you have no idea what has been done and what has not been done.

Senator COHEN. You also testified that the independent and structured National Aviation Safety Inspection Program, the NASIP, disclosed some 2,282 findings or deficiencies. Four commercial operators suspended operations after the NASIP inspections began in 1995. How do the NASIP results compare to what the local FAA inspectors found prior to the NASIP inspections?

Mr. WEINTROB. Significantly better. The NASIP program, which started after the Secretary's declaration of zero accidents is a very structured inspection program. It has an explicit list of questions that must be asked and actions that must be done, all of which must be recorded and reported. It brings in inspectors who do not have routine cognizance over that particular operator on a day-to-day basis.

As I mentioned in my statement, the carrier in Florida in the prior fiscal year had more than 500 routine inspections resulting in only two enforcement actions. When the NASIP inspectors came in and spent 2 weeks at that carrier, they came up with 36 deficiencies resulting in 12 enforcement actions.

That is a good example of why we say, you need the system to find out where your risks are, prioritize those risks, and get out there with a checklist. NASIP inspections are expensive, both in dollars because of travel and people, and in resources time. Take those resources from those inspections that have less payoffs, where the risks are lower, and use them on inspections similar to NASIP—maybe not that exhaustive, but well-documented, performed in the way it was done in Florida.

Senator COHEN. You cited your audit of the designated mechanic examiners, the so-called DMEs, they are experience non-governmental aviation mechanics who are appointed by the FAA to test the applicants who want to become certified aviation mechanics. You indicated your office examined 35 DMEs. Prior to the study almost 99 percent of those mechanics who were tested by the DMEs passed, right?

Mr. WEINTROB. Yes, sir.

Senator COHEN. And when the IG became involved, the pass rate plummeted what, 40 percent? Some 58.14 percent, I think, passed as opposed to 99 percent?

Mr. WEINTROB. That is correct. But that percentage is not generically in the system. The 58.1 percent pass rate occurred in those examinations where we were observing the examination.

Senator COHEN. Exactly. What I am saying is that when you showed up and examined what was going on the success rate, or pass rate, came down from 99 percent to 58.14 percent.

Mr. WEINTROB. Correct.

Senator COHEN. Why is that so?

Mr. WEINTROB. Because the DMEs get paid by the people who they are examining, not by the FAA. So it is to the DMEs advantage to pass as many people as he can because he gets a good reputation and people hire him.

Senator COHEN. So if I want to become an aviation mechanic, I go and I get examined by a DME.

Mr. WEINTROB. You find a DME.

Senator COHEN. I find a DME and I go and I pay him. Then he tests me?

Mr. WEINTROB. Right.

Senator COHEN. Then I have got a 99 percent chance of being assessed competent as an aviation mechanic?

Mr. WEINTROB. Statistics showed that 99 percent of the mechanics passed.

Senator COHEN. Except when you show up and I come and take the exam, suddenly I have got a 50 percent chance of failing?

Mr. WEINTROB. That is a bad day for the guy.

Senator COHEN. You indicated the FAA could do more realistic and in-depth inspections and testified that improved inspections will likely identify more failures and result in more enforcement actions. Normally, I would think that if you have more enforcement that would be a desirable goal. I was somewhat struck by your comment that FAA inspectors have informed your office that FAA has little desire to process more enforcement actions. Can you explain that?

Mr. WEINTROB. I cannot explain it. I can just say that we have been told by many FAA inspectors that the offices that adjudicate those enforcement actions have told the inspectors to lay off; we have got too many enforcement actions, do not give us any more. I suspect that is not in writing, but it is at least the perception of those inspectors. If it is the perception of those inspectors, then it is going to be reality.

Senator COHEN. Is there a problem with the dual responsibility of FAA on the one hand to promote public safety and on the other to promote general aviation?

Mr. WEINTROB. I do not know that I would use the word problem, but it certainly is a tightrope, because to the degree that you choose enforcement and sanctions you could tend to impede aviation as opposed to promote. So it is a very difficult line the FAA has to walk. They typically do a good job of walking it.

Senator COHEN. You were here earlier this morning when there was testimony taken?

Mr. WEINTROB. Yes.

Senator COHEN. In your view, does the testimony reflect isolated incidents or is it more systemic in nature?

Mr. WEINTROB. Both Mr. Smith and Mr. Jones presented so many issues it would be wrong for me to say either yes or no. I can tell you that with regards to Mr. Smith's testimony, we have found PTRS problems, broad and vast differences by the inspectors

in how they interpret what they are to inspect, and how they interpret what they should and should not put into PTRS. Obviously, Mr. Dillingham has testified GAO found that. We have not addressed and have no reason to believe one way or the other the issues relating to retaliation or any of those aspects.

Senator COHEN. Let me get more specific. What about the notion of inadequate training for those required to move on to more complicated systems?

Mr. WEINTROB. We work closely with GAO to avoid duplication. GAO was heavily involved with training, as Mr. Dillingham has testified. The most we have done in the current audit concerning training is to evaluate the frequency of inspectors requiring type ratings and currency training or airborne inspections. That is the only aspect we looked at regarding training.

Senator COHEN. Could you comment then on the actual versus standard time?

Mr. WEINTROB. Yes, in the past—and it was one of the issues that we had in our 1992 audit—the inspectors were recording standard time in the system. It is similar to when you bring your car into the shop and you need a water pump replaced, you've charged a standard three hours to repair a water pump. But in the process of repairing the water pump they find you need a new belt. Well, they will charge you the hour to replace the belt also. So you have many more billable hours than you may actually have needed to perform the work.

We found that as a result of our audit, FAA changed that procedure and is requiring the inspectors to record actual time. We find that something less than standard time is being recorded currently, but something more than actual time. And I would cite the example I had in my opening statement about the inspector who did five concurrent inspections on a 12-hour international flight yet logged in the PTRS 46.9 hours.

Senator COHEN. I have just a final question for both of you. Both of your agencies have made recommendations over the years to the FAA to address these problems that have been persistent and somewhat endemic. In your view, if the agency is going to improve the inspection program and address these weaknesses, what should the FAA's top three or four priorities be? Mr. Dillingham?

Mr. DILLINGHAM. Mr. Chairman, we think that one of the first priorities should be to ensure, through whatever means necessary, that the inspectors are able to get the training that they need to do the job that they are assigned to. We think also that the initiatives, particularly the risk assessment system that is associated with SPAS and PTRS, that that should be given a very high priority so that indeed the resources can be targeted to where they are most needed.

Senator COHEN. Mr. Weintrob?

Mr. WEINTROB. I would refer to the seven items I talked about earlier that a good inspection program ought to have. Two items relate to an accurate and effective database reflecting accurate and current information. The other item is a well-defined list of requirements for every type of inspection showing the minimum requirements for each of those inspections before one considers it an inspection. Then a system is necessary to provide communication to

the entity, feedback to the headquarters FAA, and follow-up on those issues identified.

Senator COHEN. Essentially we come back to the basic problem. Mr. Dillingham, I assume that you agree that some of the problems identified by the first two witnesses are more than confined to these two people?

Mr. DILLINGHAM. Yes, sir. In some cases we have also found examples that were mentioned by the first two witnesses.

Senator COHEN. So it is a problem in terms of having adequate training, of requiring people to conduct inspections on aircraft or systems that they are not familiar with, are not well-trained to do. That is something that we have to address and should be addressed. There is a problem dealing with the entering of information or misinformation in PTRS.

We have not talked about pencil-whipping which is something that perhaps the first two witnesses could have talked about. And that is simply whipping through the inspection forms here and fulfilling the time requirements or the inspection requirements without ever conducting the inspections. That also is a problem that has been identified, certainly by our staff research and I suspect you would agree that that is a problem that exists within the system.

Mr. DILLINGHAM. We do not have any examples of inspection reports being filled out when there was not an inspection. We have examples of—well, we have one example. The one I mentioned in my testimony where a PTRS report was entered and the company did not have that kind of aircraft. So, yes——

Senator COHEN. What kind of an entry would you call that then?

Mr. DILLINGHAM. That was certainly a mistake.

Senator COHEN. In the health care fraud field, we have doctors and hospitals who fill out reimbursement papers for what we call phantom patients. We have one case in New York where I think 50,000 phantom patients existed that were billed to the Medicare-Medicaid system. We do not want to see that take place in the aviation industry where inspections are filled out for planes that do not exist.

The other part of the problem, as I see it, is that there are a number of key recommendations that need to be addressed that have not been addressed, so we know that when the FAA looks at the documentation, which can be voluminous, that they have some means of assessing whether, in fact, the job is being carried out properly.

As I understand the problem, we cannot tell that right now. We do not know. The inspectors, or their supervisors, really have no basis other than they have hired good people, they are highly motivated, they are well trained, and we trust them. That is essentially the way in which the system currently operates, is it not?

Mr. DILLINGHAM. That is essentially the way it operates.

Senator COHEN. Does that, in your judgment, need to change in order to ensure the public that, in fact, inspectors are doing exactly what they are required to do and the airlines are also complying with the regulations as they are required to do?

That is the only way we have of ensuring the public that the Government and the private sector are doing their jobs to produce

the safest form of transportation that we have and to maintain that. We do not want to find ourselves in the situation, as Mr. Hinson has testified, that if things continue with the expansion of air travel in the next 10 to 15 years, that we are likely to see one aircraft go down every week. That is something that should not be tolerated, and hopefully, we can put the kind of mechanisms into place that will prevent that from taking place.

Let me thank all of you for coming this morning. It has been very helpful and we thank you for your testimony.

Mr. DILLINGHAM. Thank you.

Mr. WEINTROB. Thank you.

Senator COHEN. I want to welcome David Hinson, the Administrator of the FAA. Administrator Hinson is accompanied by Tony Broderick, Associate Administrator for Regulation and Certification, and Thomas Accardi, who is the Director for Flight Standards Service.

Mr. Hinson, you may proceed.

TESTIMONY OF HON. DAVID R. HINSON,[1] ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION; ACCOMPANIED BY ANTHONY J. BRODERICK, ASSOCIATE ADMINISTRATOR FOR REGULATION AND CERTIFICATION, AND THOMAS C. ACCARDI, DIRECTOR OF FLIGHT STANDARDS SERVICE

Mr. HINSON. Mr. Chairman, thank you. We welcome the opportunity to appear before you today to discuss the FAA's aviation safety inspector program.

With me today, as you have suggested, are Mr. Tony Broderick, Associate Administrator for Regulation and Certification, and Mr. Thomas Accardi, Director of Flight Standards.

Mr. Chairman, I would like the record to show that I have been here for the whole hearing.

Senator COHEN. The record should show that. In fact, I was very impressed that you came as early as you did, Mr. Hinson.

Mr. HINSON. Thank you very much.

Mr. Chairman, with your indulgence, even though your staff has asked me to limit my remarks, I would like to deal fully with my statement. I think it is important in the context of the hearing.

Senator COHEN. Proceed as you wish.

Mr. HINSON. The FAA has traditionally viewed the surveillance of the aviation industry conducted by our safety inspectors as a vital means of assuring that our safety standards and requirements are met and of developing information about potential safety problems before they result in tragedy. Our aviation safety inspectors are the foundation of our certification and surveillance system and on a day-to-day basis do an outstanding job of overseeing industry activities throughout the country and, indeed, the world.

Our surveillance programs, as well as our underlying regulatory demands, serve as the world's aviation safety model. In fact, Flight International Magazine recently selected the FAA's foreign air carrier safety program to receive special honors for its contribution to international air safety. The International Civil Aviation Organiza-

[1] The prepared statement of Mr. Hinson appears on page 109.

tion is also exploring the adoption of a program such as ours to assess and upgrade aviation safety throughout the world.

Nevertheless, we think it is important to stress that there are clearly opportunities to improve our own inspection programs and we are continuously taking steps to do just that.

Over the past decade-and-a-half, the way FAA conducts its surveillance activities has undergone a radical transformation to improve its effectiveness. We have moved from a diffused system with little central direction, management, and oversight to a much more programmed, centrally focused, and targeted approach to conducting surveillance.

Today's system is far improved over yesterday's, but we are the first to acknowledge that it can continue to be made better, for example, by taking steps to upgrade training opportunities for our inspector workforce and by continuing to refine how we target our resources to particular airlines or activities with the greatest safety dividends, or where they can be achieved. As I will describe, we are taking those steps.

Because of its critical role in promoting aviation safety, the FAA's surveillance program has not only occupied the agency's attention and interest but has been carefully monitored by Congress and others over the years. The program we have in place has benefitted much as a result of having implemented many of the recommendations we have received, many, sir, from this Committee.

Starting in the mid-1980s, the FAA undertook a top-to-bottom reevaluation of its surveillance program, leading to a substantial change in direction. One of the problems highlighted at the time was the failure of inspector staffing to keep pace with the increased demands that had been placed on our workforce by industry growth and change. As a result, between 1983 and 1995, inspector staffing nearly doubled, and in view of continued needs, we are requesting an additional 154 flight standards aviation safety inspectors in our fiscal year 1997 budget request.

Early on, the agency recognized that recruiting, training, equipping, and effectively managing and using a significantly expanded workforce required a tremendous amount of planning and effort. The result was a completely revamped inspection program, which continues to be built upon today.

Changes were made so that the program was managed at the national level with much more clearly defined objectives and goals. Nearly 2,000 pages of detailed instructional guidance material were developed and made available to our inspector workforce. For the first time, national program guidelines were developed to provide central direction and define the numbers and types of inspections to be conducted throughout the world. Regional offices and field offices supplement these nationally programmed inspections with their own planned discretionary inspections, based upon local knowledge and situations. This has provided a more consistent and balanced approach to inspection activities.

I could not help but notice, Mr. Chairman, that some of the testimony, on one hand, we were discussing in this hearing the concept that the number of prescribed inspections had decreased from some 100,000 to some 48,000, in round numbers, and on the other hand, we are saying that the FAA ought to have more discretion in

targeting its workforce to where they are needed. I think that is an indication that we are doing just that.

Senator COHEN. Although the GAO has indicated it cannot agree that it can reach the conclusion that you are, in fact, doing that, based upon the fact that you have inadequate information on the——

Mr. HINSON. That is a separate subject. What I am suggesting is that we are giving our inspectors more discretion to focus their energies on where we perceive the problems to be as opposed to mandating a specific number and a specific place.

Senator COHEN. But you have to know where the problems are.

Mr. HINSON. Yes, sir, that is correct.

Senator COHEN. If you do not have accurate information to know where the problems are, then you cannot really target it. It is one of these circular arguments, but why do you not finish.

Mr. HINSON. Yes, sir. In addition, FAA began conducting in-depth independent safety reviews of certificate holders with teams of inspectors from outside the normal inspecting office. These reviews help provide balance to the oversight program and offer a very detailed look at a particular operator's programs. These are NASIPs and RASIPs, shorthand for National or Regional Aviation Safety Inspection Programs. They are triggered when indicators such as inspection results, enforcement records, accident incident reports, financial conditions, rapid expansion or mergers, or other factors warrant.

They also provide a basis at the policy level to designate certain areas of industry for a detailed review in a particular year. For example, last year, all 138 air carriers operating aircraft in scheduled service with 10 or more passenger seats received a special review.

Another fundamental change in approach was to move away from a paper-oriented system to modernize the way we collect, compile, and disseminate safety-related information developed during the several hundred thousand inspections we conduct each year. To meet this need, we have developed a more sophisticated automation tool or tools, such as the Work Program Management System, in the mid- to late-1980s and its successor, the PTRS program, which you have referred to.

The PTRS system has continued to improve since its introduction and this system enables us to assign inspection activities derived from aviation environmental databases to field offices and inspectors. In addition, it provides our inspector workforce and management with information on certification inspections and other work activities completed by our field offices.

It is important to recognize the magnitude of the aviation industry and the corresponding amount of data we develop in monitoring that industry. Our safety inspectors conduct more than 365,000 surveillance activities each year. A large airline may be inspected several times a day by inspectors in diverse parts of the country and the nature of those inspections will differ.

A tremendous amount of data is developed from inspections nationwide throughout each year. Inspectors need rapid analytical tools to access that data, to target their surveillance activities toward areas presenting potential safety risks. Management also has a need for that type of information, in order to direct limited re-

sources where and when they are most needed and to assure that potential adverse safety trends are addressed.

To help meet this need, we have been working to develop the Safety Performance Analysis System, you heard referred to earlier as SPAS. This is a computer-based software system that provides current and historical analysis capabilities. It will provide us with virtually real-time graphical and tabular summaries to help us continuously reprioritize our surveillance efforts to areas that may present a safety risk. No other aviation safety agency in the world either develops the extent of data that we do, nor has a system developed with anything like the capabilities and sophistication of SPAS.

Senator COHEN. Is that in operation now?

Mr. HINSON. I will, if I may, come back to that, sir.

Senator COHEN. All right.

Mr. HINSON. Many of our counterparts throughout the world have expressed an avid interest in working with us and ultimately sharing data for integration as the system evolves.

We expect that SPAS will acquire and analyze data from more than 20 FAA and non-FAA databases, automatically flagging potential problems to us for our review and analysis. Using carefully developed performance measures, SPAS is able to rapidly track performance of air carriers and air agencies, providing comparisons in various areas of performance against related industry norms, thereby bringing critical information directly to an inspector's attention for further review and action.

SPAS is able to deliver in a matter of minutes information that used to take weeks or months to develop, if it was ever produced. Thus, SPAS will not only increase inspector productivity, but will permit a much greater perspective and understanding of the aviation industry and what inspection and related data is telling us.

In July 1995, SPAS software entered the operation test phase, using the functionality of Microsoft's Windows 1995 program. It was installed for 180 flight standards users who are participating in the operational test. The test will continue until 1997, when we plan to begin installation of a revised version of the system based upon the inspector feedback from the test.

Another significant improvement will begin formal field-testing next month. This is the On-Line Aviation Safety Inspection System, or OASIS. We seem to try to invent an acronym, Mr. Chairman, for everything. OASIS is a suite of productivity tools hosted on a laptop computer that can be carried into the field by an inspector. The system has the capability to instantly provide on-line reference to thousands of pages of inspector reference documents, all linked through hyper-text links.

Documents such as Federal Aviation Regulations, advisory circulars, and inspector handbooks, as well as specific safety airworthiness directives all easily accessible, providing the latest safety information appropriate to a given inspection, contributing to improved inspection quality and standardization. The OASIS system also includes all of the forms required to complete any inspection activity, and the "intelligent forms" ensure that the proper data is gathered for the inspection being conducted while assuring that accurate data is entered in the inspector's report.

Our safety inspectors have played an integral role in the development of both OASIS and SPAS. Let me say that again. Our safety inspectors have played an integral role in the development of both OASIS and SPAS. We brought a lot of people in to work on this. The performance measures used by SPAS were developed with substantial input from the inspector community, who served as the principal members of the expert panel working groups. Through their contributions, SPAS is continuously being refined as it is developed in order to serve best the needs of our inspector workforce and an effective surveillance program.

OASIS was designed by our safety inspectors as well as the FAA's Office of Aviation Medicine. There has been and will continue to be extensive use of human factors analysis throughout the development of OASIS in order to maximize the system's usefulness to our inspectors.

As we have developed our automated systems, we are continuing to improve overall system quality, which involves both product and process. Early in the development of SPAS, we utilized our technical center in Atlantic City to develop data quality measurement tools to diagnose and improve the data consistency in the PTRS system.

Critical SPAS data elements were evaluated and determinations were made about data quality requirements on an item-by-item basis, depending on the application of the information. Overall consistency was determined to be at 85 percent, which was adequate for data pertaining to large air carriers.

In June of 1994, we contracted with Sandia National Laboratories to conduct independent verification and validation analysis activities as we continued to develop the SPAS system. Sandia continues to support our approach of parallel development of information systems and modifications to the underlying databases.

The continued use of data provides immediate feedback on its overall quality and promotes its continued improvement. We are also proud of this initiative taken by our field inspectors to improve data quality. One particular inspector spent his own personal time developing a data quality improvement tool for use within the flight standards district office. The system this individual developed checks the main database, using a system of queries and routines to determine if all required fields have been completed prior to sending any data to the national system. The use of this system results in measurable data quality improvements and is being tested in 19 district offices.

Finally, we concurred with the GAO recommendation on the need to develop a comprehensive and coordinated strategy to deal with data quality. We have worked with the Research Triangle Institute, as well as Sandia National Laboratories, over the past 6 months and expect to deliver such a document next month, which will assist us in continuing to improve this program.

SPAS and OASIS are important tools that will help us continue to improve our surveillance program. As important as these advancements are, though, they do not substitute or supplement the need for well trained, highly motivated inspectors whose on-site presence and professional judgment are key to our surveillance efforts.

Several years ago, our own studies and GAO reports indicated that our field inspector training was not properly prioritized. In addition, GAO believed that the FAA was unnecessarily paying for training that was not essential. In response to these studies and GAO recommendations, the FAA revamped its technical training program and developed the Operational Training Needs Assessment Program. The OTNA is a process to assess the critical training needs for the inspector workforce, and it was talked about earlier this morning.

It is designed to ensure that all safety inspectors receive the training they need based upon the work they are assigned to do. By prioritizing training needs in this way, FAA can seek the funding necessary to meet the training required for the agency to perform its day-to-day operational functions, while balancing that with the high cost associated with many technical training activities, particularly contract flight training.

Flight standards has applied the OTNA process for the past 3 fiscal years and has successfully reduced the amount of funding required for training. However, we now believe that providing only operationally essential training, as it has been defined, has not provided us the depth we would like in the inspector workforce, nor has it resulted in the opportunity to continue to keep pace with rapidly advancing technology. In hindsight, we believe we defined operationally essential training too narrowly.

Therefore, the OTNA process is being adjusted and the definition of operationally essential training will be redefined to provide additional training needed to ensure that the agency has a sufficient number of qualified personnel on hand at all times to step in and conduct the various functions when unexpected turnover, emergencies, or other sudden dramatic short-term increases in workload occur.

Recently, we have also been implementing more cost-efficient ways of delivering training to our inspectors. Computer-based instructional training, CBI, is one method of delivering training that will help us accomplish our training goals at lower costs. Every flight standards district office has a platform in place for CBI training to take place.

Last year, we installed a CBI Helpline to answer questions on this training from our inspectors and to help them obtain course material. We are also developing a new course catalog for the inspector workforce. We also plan to place this information on the Internet. That way, the catalog can be updated instantly and an inspector accessing the system will be able to communicate with the FAA Academy by e-mail.

I want to touch on several other initiatives I believe will help shape our future surveillance programs. Last August, the FAA and our union, the Professional Airways System Specialists, or PASS, established a cooperative alliance called Partnership for Safety, or PFS. PFS is a new way of conducting business and making decisions that affect flight standards employees. The partnership is an alternative to traditional labor-management relations and is ideally suited to identifying and resolving problems at the local field level office. We will continue to work together to provide our inspectors

with the tools and training they need to remain effective in our rapidly changing aviation industry.

We are also reaching out to industry in an effort to develop constructive partnerships. Last year, Secretary of Transportation Peña and I hosted a 2-day airline summit on safety in the commercial aviation field. That conference, which was attended by over 1,000 airline executives, pilots, and maintenance personnel and FAA safety personnel, was held both to reinforce to key aviation personnel our commitment to safety and to develop new approaches for enhancing safety. Subsequently, we held a follow-up conference. Out of these efforts, we will continue to work to identify ways in which to improve our existing safety programs.

Also, in order to assure myself that the agency is adequately prepared for the future, we have been undertaking a top-to-bottom review of our regulation and certification program. Technological changes and industry growth require that we assess, and as need be, perhaps rethink, how we do business. This effort will help us focus on what we need to do to meet the challenges of the 21st century and to progress toward our goal of zero accidents.

Mr. Chairman, you have heard this referred to as our Challenge 2000 Initiative. I can discuss that later, if you are inclined to do so.

Before closing, Mr. Chairman, let me respond to your expressed interest in your letter to me about barriers that may preclude the FAA from accomplishing its oversight of the aviation industry. I would be remiss in my duties if I did not address what I see as the greatest impediment to the industry in continuing to fulfill its vital functions, including the effective safety oversight of the air transportation system.

Simply stated, the FAA faces a vastly expanded workload while overall Federal funding available will decrease dramatically as we work toward a balanced budget. As I have said many times recently, in order to protect the public's interest in safe and efficient air travel and to continue to facilitate commerce and the growth of industry, we must act now to find a stable, predictable source of funding for the FAA.

You have mentioned this already, but I will go ahead, if I may. By 2002, the number of commercial aircraft operations in the United States will grow by about 18 percent, and it grows by 40 percent by 2015, 2017. This growth will significantly increase the demands on our surveillance workforce, even as we seek to find added efficiencies and productivity improvements. Virtually every segment and activity in aviation will grow correspondingly, placing similar demands on FAA's safety and operational programs across the board.

Mr. Chairman, I should also acknowledge our appreciation for your colleague, Senator Hatfield, for his willingness to go forward and provide acquisition and personnel reform for the FAA, which were effective April 1 of this year. We are excited about that. They have been implemented——

Senator COHEN. It basically exempted you from all Federal regulations and acquisition standards.

Mr. HINSON. Not quite.

Senator COHEN. Basically.

Mr. HINSON. Basically, yes, sir.

Senator COHEN. We will talk about that in a moment.

Mr. HINSON. We are delighted with that.

Senator COHEN. I am sure you are.

Mr. HINSON. I, therefore, would urge the members of this Subcommittee to assist the FAA in its efforts to obtain meaningful financial reform. Given the importance of the FAA's work to the safety of the traveling public as well as to supporting an industry that contributes significantly to our nation's economic well-being, it is critical that the FAA's resource requirements be accommodated into the future and financial reform is the only assured way of doing that.

In that regard, I would like to note the Administration's strong support for the financial reform that would result from enacting the type of user fee financing contained in S. 1239, the Air Traffic Management System Performance Act, sponsored by your colleagues Senator John McCain, Senator Ford, and Senator Hollings.

In my view, the most important work that the members of this Subcommittee can do to benefit the safety of the traveling public is to help us ensure that we continue to have the resources needed to fulfill our obligations to the traveling public. I would welcome the opportunity, sir, to meet personally with you or any member of this Subcommittee to discuss in detail the need for financial reform or to discuss the critical issues you have raised today.

This concludes my prepared statement, Mr. Chairman. Thank you for your courtesy.

Senator COHEN. Mr. Hinson and your associates, would you please stand? I forgot to do this initially. Would you raise your right hand? Do you swear that the testimony you have given and that which you are about to give is the truth, so help you, God?

Mr. HINSON. I do.

Mr. BRODERICK. I do.

Mr. ACCARDI. I do.

Senator COHEN. Mr. Hinson, thank you very much. I am pleased that you talked about the acquisition reform. It struck me that almost all of the reports that have been filed over the years from GAO and others did not really touch upon the need for acquisition reform as being the basis of FAA's problems, but rather cited managerial problems. In fact, if the Department of Defense were to come to me and say, Senator Cohen, we do not like the current acquisition regulations, why do you not just exempt us from all existing regulations, you can imagine the hue and cry that would go up.

So, frankly, I was not pleased to see the FAA totally exempted from the acquisition regulations, but rather I felt the need was to have FAA comply with the reform measures that are now being applied across the board to virtually every other agency. But that is a matter for debate at another time.

With respect to the witnesses who testified this morning, I assume that you agree that anyone who comes forward from the FAA should not in any way be penalized, have retribution directed against them for coming forward with their testimony?

Mr. HINSON. Of course, of course, and strongly so, Mr. Chairman.

Senator COHEN. And if anyone were to take any kind of retribution against these individuals, I can assure you, I will call them be-

fore the Committee and seek to have the law applied in the most severe fashion. You would agree with that, would you not?

Mr. HINSON. Of course.

Senator COHEN. At the Congressional hearings in April of 1993, the FAA was questioned about the use of personal pen-based or notepad computer systems designed to improve the efficiency of its inspector workforce. Are you familiar with those?

Mr. HINSON. Yes, sir.

Senator COHEN. At that time, the FAA testified that it was prototyping a system and planned to have 6 to 12 prototypes developed by the end of 1993 and to have widespread use of them in just a few years. Can you tell me what the status of the notepad system is?

Mr. HINSON. Mr. Chairman, let me ask Mr. Broderick to lead off on that and Mr. Accardi can join in.

Mr. BRODERICK. Mr. Hinson mentioned the OASIS system, which we have been developing and prototyped, and a prototype of it is here with Mr. Accardi.

Senator COHEN. Is that the substitute for the notepad system?

Mr. BRODERICK. That is, in fact, the notepad system that we talked about. They have developed software, smart forms, the kinds of things that will begin to be able to allow us to address some of the points that have been raised by you and others this morning, a high-quality data that does not depend on non-standard input.

Senator COHEN. Why is it taking so long to develop that?

Mr. BRODERICK. Tom can talk about some of the details, but it is a complex software development program that, quite frankly, is funded at the levels that we were able to fit into the budget, balancing all of our other needs. It is a program that is quite complex, but I think we would rather do it right than do it quickly. The worst thing in the world, we have found, is to get, as you have heard today, software programs out that are not user friendly, that do not work, and that flat out do not do the job.

Tom, would you like to comment about this?

Mr. ACCARDI. Yes. Thank you. Thank you, Mr. Chairman, for the opportunity to be here. The pen-based system was the first, the forerunner of the OASIS system, and we learned a lot. We learned a lot from our inspectors. We did an operational test, as Mr. Hinson mentioned in his opening statement. We wanted to learn a lot about the human factors application, and what we learned were that those pen devices were not very acceptable from the data entry standpoint. Stylus pens were the big rage at that time, and what we learned from our inspectors were that they were not really effective in terms of entering data.

We did learn, also, that the inspectors love the opportunity to have information readily provided to them on a CD-ROM disk, and we capitalized on that and developed the new software for this new system and we are planning on another operational test here beginning next month.

Senator COHEN. You are planning to have that operational in 1997, is that your plan now?

Mr. ACCARDI. We are going to continue to learn from our inspectors. We are deploying it to a number of locations, beginning next

month. As Mr. Hinson mentioned, it is a human factors study with aviation medicine. As Tony pointed out, we want to make sure that we do not deploy something across the country and spend unwisely on systems that may not be effective.

Senator COHEN. As you know, technology is evolving every 11 months or so. You can continue to put off into the future acquiring technology until advances are made, but at some point, you have to make a decision, understanding that you are likely going to have to upgrade it on a periodic basis.

Mr. ACCARDI. Yes.

Senator COHEN. Otherwise, you are going to keep waiting for the best system to come down the line.

Mr. Hinson, in the IG's testimony, Mr. Weintrob described how a 1995 NASIP inspection identified significant problems with Arrow Air that were not identified by the local FAA inspectors during routine inspections. The results of that inspection are pretty well known. It has been documented publicly in a number of newspapers and prior hearings.

As the FAA's investigation revealed, and your staff recently informed the Subcommittee, an informant was key to uncovering the violations of Arrow Air and some of the violations that should have been detected by the FAA. You agree with that, do you not?

Mr. HINSON. I am not sure.

Senator COHEN. You are not sure?

Mr. HINSON. Let me say two things first. I understand that there is an ongoing criminal investigation in this——

Senator COHEN. I am talking about what happened with Arrow Air, period.

Mr. HINSON. I understand.

Senator COHEN. Were there not inspections that were conducted on Arrow Air and were there not violations that were found or deficiencies found as a result of an informant that should have been detected by the local FAA inspectors?

Mr. HINSON. No, I would not agree with that.

Senator COHEN. You do not agree with that?

Mr. HINSON. No, sir.

Senator COHEN. All right. One of my concerns is that no one was held accountable during that 4-year period, where I believe there is documented evidence of inadequate oversight. In fact, some of those very same inspectors were given exceptional and outstanding performance appraisals during that same period.

There is a second concern of mine and that is the focus of my question, which deals with the recertification of Arrow Air, which has aircraft flying today. In June of 1995, the Department of Transportation's Acting Assistant Secretary for Aviation and International Affairs issued an order that allowed Arrow Air to begin flying again. In that order, the Assistant Secretary stated, "While the findings of the NASIP are troubling, we note that the FAA concluded that the most serious charges arising originally from this inspection, that is, those of falsifications of records, were not supportable." That is a quote taken from the Assistant Secretary who ordered the reinstitution of Arrow Air.

The order went on to say that this resulted in the FAA and Arrow Air reaching a settlement agreement rather than revoking

the air carrier's operating certificate. That agreement stated, in part, that FAA and Arrow Air agreed to the settlement in order to expedite the resumption of Arrow Air's operations, but I have a copy of an FAA memo dated October 15, 1995, which states that it was difficult for the FAA inspectors to uncover these violations due to fraudulent record keeping by the air carrier.

In addition, a DOD inspection team recently found that Arrow Air continues to have problems that are serious enough that DOD has decided not to renew its charter contracts with Arrow Air at this time.

I have a couple of questions. Number one, did Arrow Air falsify records or did it not?

Mr. HINSON. Let me ask Mr. Accardi to help me on that.

Mr. ACCARDI. Mr. Chairman, we had a person come to the FAA and indicate that there may have been problems at the company. We sent an outside team in to take a look at Arrow Air. They found a number of problems that led to the airline being on the ground for a long period of time and ultimately an agreement, a consent order, which I believe you were——

Senator COHEN. No. I want you to answer specifically the question. We have from the Acting Assistant Secretary a statement that, according to the FAA, the most serious charges, the most egregious, could not be substantiated, namely the falsification of records. The question I have is, did Arrow Air falsify records or not, because I happen to have a memo from the FAA's files which indicates that the records were, in fact, falsified. Who is right here?

On the one hand, we have the reinstitution of this particular airline based upon a statement that the FAA said they could not substantiate the most egregious complaints, namely falsification of records. Then we went through these documents to find the memo that says that the records were, in fact, falsified. I do not understand this.

Mr. ACCARDI. I believe the consent order was the agreement with the carrier to make a substantial number of changes at the airline. Whether or not they admitted to guilt on the individual charges, I would have to refer to the legal counsel on that, but I believe that that was the basis for the consent order, an action that we took, and they did pay a substantial fine and went through a complete recertification process. That is my recollection of it.

Senator COHEN. Who within the FAA told the Assistant Secretary that the charges of falsification of records were not supportable? Who did that?

Mr. ACCARDI. I do not know.

Senator COHEN. Mr. Hinson?

Mr. HINSON. Nor do I, sir.

Senator COHEN. Mr. Broderick?

Mr. BRODERICK. No.

Senator COHEN. So you have an airline that is now back in operation. It is back in operation based upon a statement from the Assistant Secretary who is responsible for this, saying FAA indicated to us that the most egregious charges were not supportable. Therefore, a consent agreement is reached. They are back flying now. I find documentation saying that, in essence, the falsified or fraudu-

lent record keeping was particularly difficult to detect during routine surveillance.

Mr. HINSON. That may be the case, Mr. Chairman, but our legal staff in matters of enforcement is very careful and judicious in the application of the law as it applies to an air carrier. I am confident that they did so in this case.

Senator COHEN. We will have to have perhaps someone else make an examination, but I will come back to the issue. After further review, the FAA determined that the available information did not support the most serious charges, those regarding falsification, and they reached a settlement agreement. "While the findings of the NASIP are troubling, we note that the FAA concluded the most serious charges arising originally from this inspection, the falsification of records, were not supportable."

That is not what I find in these documents, so someone is not telling the truth. We have a recommendation for a consent agreement to put an airline back in operation based upon the recommendation coming out of FAA that they could not find evidence to support the falsification of records charge.

Mr. HINSON. Mr. Chairman, let me offer that I will ask, with your permission, our senior legal briefer on this to sit with the Committee and take you through it.

Senator COHEN. All right. That particular airline, you may recall, was the one where we lost quite a few in the military coming back through Gander. So I am concerned that the FAA either is making recommendations which are not supported by the record or somehow agreements are being arrived at based upon insufficient——

Mr. HINSON. Mr. Chairman, I want the record to show that the FAA is also very concerned about the safety of the airline, as we are about all airlines. I am confident that the enforcement action we took was proper and that our——

Senator COHEN. What I want to know is, were the records falsified or not? Was there no evidence to support the falsification? If so, the FAA was quite correct in making its recommendation. I have the documentation here which would seem to indicate otherwise.

Mr. HINSON. There is, I believe, an ongoing investigation into the exact question you have raised, Mr. Chairman.

Senator COHEN. Mr. Hinson, a couple of questions relating to the PTRS system. You have heard from the previous two panels that the information that has gone into that system is inaccurate. As a result, the SPAS system is going to be unreliable unless you can improve the quality of the source data. Do you disagree with that conclusion?

Mr. HINSON. I do, actually. Some of the data that goes into the system is inaccurate, that is true.

Senator COHEN. How do you know what is accurate and what is inaccurate?

Mr. HINSON. I think I said in my testimony that we had Sandia National Labs look at the data. They believe it is approximately about 85 percent accurate. We are trying to get it 100 percent accurate.

Let me ask Mr. Broderick to add to what I have said.

Mr. BRODERICK. Mr. Chairman, we have, as was testified this morning, the inspectors' supervisors review and approve the written records and we do have, contrary to what was said—perhaps there was a misunderstanding—we do have at least a sample review of all of the computer records that are entered for the PTRS system.

While certainly I would not want to give you the impression or Senator Levin the impression that, in fact, we think it is a perfect system—there are errors, there is imperfect data—we have developed software tools, for example, where over 80 percent of the data that is entered into the system now has a computerized edit check for sensibility of the entries. We are trying to improve those kinds of things.

We have contracted with several different organizations. The University of Georgia, Georgia Tech, I believe, and Sandia Labs are two of them that are working on data quality improvement efforts for us.

But we made a deliberate choice not to wait—as you indicated earlier, technology is moving quickly—not to wait until we had the perfect or even the almost perfect PTRS system before we developed a computer, but we are developing them in parallel. It is a technique that Sandia thinks is the appropriate one and we agree with.

So while there are imperfections in the data, the large numbers of data entries in the system tend to mask them for large carriers, as again was stated this morning. With smaller carriers, smaller organizations with maybe 1, 2, 3, 5 airplanes, we are going to have a bigger problem and we need nearly perfect data. We are aware of that. We are working on it and we are not going to stop until we get it to a point where it is as good as possible.

Senator COHEN. What is the resistance, Mr. Hinson, to having a specific checklist of items that an inspector should check off on and sign his or her name to? That form does not tell much of anything, does it?

Mr. HINSON. I am not an expert in this area, Mr. Chairman. Let me ask Mr. Accardi. There is always a human factors aspect in any workforce you ask to——

Senator COHEN. The reason I ask this, if we have such a decentralized type of system where such discretion is given to the individual regional office and their inspectors and each one fills out their particular report according to their own discretion, how do you test the reliability of the information going from the PTRS into the SPAS system?

Why should there not be a specific checklist such as you would have when you go get your car inspected? Why can they not sign off so that we know if the brakes fail, for example, on an aircraft, that we go to that inspector who was on the ground and say, wait a minute. You inspected that prior to the takeoff. There was a failure. Why did you not catch it, and we hold that individual accountable, because right now, we do not seem to be holding many, if any, accountable down the line.

Mr. BRODERICK. Good point, Mr. Chairman. What we want to do, I think, is maybe resolve a little bit of communications difficulties we are having. We are not opposed to recording in detail, as we

will be on the laptop computers, the data that was inspected, the things that were inspected.

The problem we have is defining, for example, what constitutes a ramp check before you go and look at the airplane. In fact, what we want to do is allow the inspectors the flexibility to, within the time available, and it may be 10 minutes or it may be an hour and 10 minutes, to look at the thing that they deem, based on their professional judgment and experience, is the most critical.

What I agree with is that we do not have a good system yet, and we will get there, for logging exactly what it is that they looked at. The reason for that is that we do not have a user-friendly system that makes it easy to enter the data. As the Administrator mentioned, we have to balance conflicting factors sometimes and one of the things that we are very sensitive to is our inspectors have complained loud and long about the paperwork, the bureaucratic kinds of things, as they perceive them, that go into recording the technical findings of their inspection.

They are technical people. They are professionals. They want to find something and get on and go to the next issue or follow up on it. They do not want to spend a lot of time on paperwork.

Our initial pen-based computer tried to help them with that. It did not work. It really was no good. It took them more time to enter the data sometimes than it took to do the ramp check. So we have tried now with a second generation.

We are trying to find a reasonable way to log the inspected things rather than define what things are to be inspected without ever looking at the airplane. I think we are going to get there, but it is going to take a little bit of time.

Senator COHEN. Essentially, what you are saying is that there is so much discretion in the individual inspector that you do not know exactly what they have looked at or what they should have looked at. There is no list. You are leaving it up to the inspector to determine what is important and what is not important. I am just asking, are there not five things or six things or seven things on a ramp check that they should look at and say, yes, I have checked it off. I have looked at the tail, I have looked at the flaps, I have looked at the brakes. Is there not some kind of a list that——

Mr. ACCARDI. Mr. Chairman, let me add to what Mr. Broderick said. We do have job aids for each of the job tasks. One of the things we did engage in in the early 1980s was the development of tasks that all the inspectors complete and job aids for them.

I think it is a fundamental approach that we are looking to gather information on a single form and gather information and enter it in there on those areas, as you said, when we identify them, when we have looked at those activities.

I was very excited going out to Sandia. Sandia Labs is working with us on those appropriate metrics to come up with exactly, in an automated sense, what you are talking about, that would tell the inspector, here is an analysis of the data that is in the system and when you are out doing a certain type of check, focus on these particular areas so we get a complete picture of the industry.

We do have a lot of guidance out there now, but I think we are excited about where we are going with the new systems.

Senator COHEN. You heard the Inspector General indicate that without this kind of information, a checklist of minimum standards, he said, "we have little confidence inspections are more than cursory reviews that lack substance and provide little assurance that safety requirements are being met," and I agree with that. If you do not have the minimum standards set, if you do not have some means of really determining that, how do we make the assurance that those safety standards are being complied with?

How do we do that, other than we are relying on good people. I understand you are relying upon good people, highly motivated, well trained to do the job, given the time constraints that they have on any given inspection, but that is all you are relying on. You have no way of verifying that.

Mr. ACCARDI. We do have our NASIP and RASIP programs. I was gratified that the witnesses previously talked about the capability of those programs to, in effect, perform a check and balance on our routine daily inspections.

Let me just point out that there are a lot of activities that the inspectors perform, and I realize that the day-to-day workload that an individual inspector has is considerable.

Senator COHEN. Senator Levin, I have some more questions, but I will yield to you.

Senator LEVIN. Thank you, Mr. Chairman.

Back in 1986, the Permanent Subcommittee on Investigations had a hearing on airline safety which a number of us on the Governmental Affairs Committee attended. I was there as a member of that Permanent Subcommittee. The first two witnesses at that hearing were former pilots of Arrow Air, the airline which the Chairman has made reference to relative to fraudulent documents, and these pilots were called to testify because an Arrow Air DC–8 had crashed 3 months earlier at Gander and killed almost 300 servicemen and crew.

The pilots testified to repeated and troubling maintenance problems on the planes that they flew on Arrow Air. One pilot said that, "The level, amount, and quality of maintenance during my stay at Arrow was the worst I experienced in my years of flying." That was back in 1986.

Ten years later, or almost 10 years later, following apparently a whistleblower, there was a special inspection that FAA made in February and March of 1995 to Arrow Air and they found numerous deficiencies and problems, and then certain action was taken.

My question, though, is why did not the normal FAA inspectors assigned to Arrow Air catch all the problems and deficiencies that were occurring at that airline, especially since in 1986, there was testimony in this room that identified Arrow Air as having a bad record in terms of maintenance? Why were not all these problems caught during that 9-year period, given this history? Why did it take a whistleblower and a special inspection?

Mr. HINSON. Mr. Levin, good afternoon, sir. The airline that is there today is not the airline that was there in 1984, 1985, or 1986. They flew apparently that interim period in a safe and effective manner.

I would assume that if an airline—and I am not saying Arrow Air, I want to be clear about that—an airline or an employee is in-

tent on willful fraud, a criminal activity, and is good at it, that it may be very difficult for an FAA inspector to determine that in the normal course of their business. And, in fact, as I understand it in the instant case, our inspector did, after finding out of the alleged problems, call a special NASIP team in to help him.

Senator LEVIN. Yes. He learned, though, from a whistleblower.

Mr. HINSON. Yes.

Senator LEVIN. The question is, given the history of Arrow Air, and apparently the ownership has not changed, has it?

Mr. HINSON. I do not know. I do not believe so.

Senator LEVIN. So you have an airline, and I do not think the ownership has changed, which has had a history which was such that the pilots who came here to testify said it was the worst quality of maintenance that they had experienced in years of flying, so that is the history. You have a terrible tragedy that occurs. Now we know that in the interim period there were problems, because when finally a special inspection team went out there in 1995, they found them. My question is, why did not normal routine inspection turn up these deficiencies?

This is an airline where you had a history. Given that history, why did not the FAA pay special attention to that airline?

Mr. HINSON. We did pay special attention through the years, and in the ongoing investigation——

Senator LEVIN. No, because you did not find deficiencies through the years——

Mr. HINSON. No, that is correct.

Senator LEVIN. Then how can you call that special attention?

Mr. HINSON. Because, as I said earlier, we believe that they were purposely misleading the inspector with their records.

Senator LEVIN. Records maybe can mislead, but you also can have inspections which disclose.

Mr. HINSON. Yes.

Senator LEVIN. Why do you trust records with an airline that had a lousy history? Why do you rely on those kind of records? Why not go and look with your own eyes to go beyond the records?

Mr. HINSON. Just a moment. Mr. Chairman and Mr. Levin, I have received a letter from the Justice Department which asked us not to be very specific about comments about Arrow Air and its history and so forth, and I believe that I should probably adhere to the admonitions of the Justice Department.

Senator LEVIN. Let us be more general. Should not an FAA inspector find that a manual is way out of date?

Mr. HINSON. Yes, of course.

Senator LEVIN. Is it troubling to you that that was not found, if it were not? I have to be generic, so if it were not found, would it trouble you?

Mr. HINSON. Of course.

Senator LEVIN. It is particularly troubling to me, because we sat here in 1986, and this is a conversation with Mr. Broderick, as a matter of fact. This is Mr. Broderick testifying, that "I think the oversight on Arrow Air was poor before 1984. In 1984 and 1985 and today, the oversight is excellent." Then you have this activity that comes 9 years later. I have to tell you, it is mighty disturbing to me when a specific problem is identified and we have you here

saying, gosh, our oversight is just really terrific now, and 9 years later, we know what happens. This is a matter of record. That is not something which is prospective.

That is one of the things which is so troubling—that there is still that failure, despite the history and the testimony——

Mr. HINSON. Mr. Levin, there are thousands of airline mechanics and maintenance personnel operating air carriers all over the United States, and 99.999 percent of them are straightforward, honest, and ethical and conduct their business in that context. If an individual or an air carrier is intent on conducting purposeful fraud, it is not always possible for us to catch that.

Senator LEVIN. But you can read a manual.

Mr. HINSON. We do some, but it is not—even then, sir, it is not always possible. We do catch some. I am not certain that in those rare cases where there is criminal activity we are always going to be able to catch a clever perpetrator. We try, and we do some, and we work with the IG and we put some people in jail. It is problematic, however, that we will always be successful.

Senator LEVIN. You heard the testimony, did you, of Mr. Jones this morning?

Mr. HINSON. Yes, sir.

Senator LEVIN. The last question I asked him was whether or not they would be able to fool even a good FAA inspector, and he seemed to agree with what you just said. But I do not know how that could apply to a manual. My heavens, you can go beyond inspection reports, particularly with an airline which has a history. You can just refuse to rely on inspection reports and rely on your own eyeballs instead, and that is what is troubling to me here, particularly with this one example.

Mr. HINSON. The number of inspections, safety inspections, and required maintenance procedures for a single airplane, a DC–8, are in the thousands. That is just one airplane, one airplane. If they have 10 airplanes or 200 airplanes, you quickly see the issue.

I have been in the business a long time, since 1954, to be exact. The ability of a willful perpetrator who is clever and sophisticated will be very difficult to detect.

Senator LEVIN. Then, Mr. Broderick, what did you mean in 1986 when you say the oversight is excellent?

Mr. BRODERICK. We stepped up the oversight dramatically after that tragic accident in 1985, Senator.

Senator LEVIN. But you still do not eyeball things, eyeball manuals to see if they are up to date? I do not think that is excellent oversight, particularly of an airline which has had a troubled history. I do not consider that to be excellent oversight at all.

Mr. BRODERICK. You are right.

Mr. HINSON. I was about to say, from where you are sitting, I would agree with you.

Senator COHEN. If we were sitting over there, would it make a difference?

Mr. HINSON. In terms of your fund of knowledge, yes, sir.

Senator COHEN. So in other words, if I were sitting at that table, it would be excellent oversight?

Mr. HINSON. No, you could not ask that question. What you could say is, it may have been excellent in 1986 and 1987, and bad in

1994 and 1995. It is not necessarily that there is a continuum there. The airline personnel change. The inspectors change. The circumstances change, albeit with the same owner. It does not follow that necessarily it would be the same. The logic path is a little difficult.

Senator COHEN. How about experience, then? The history of the law has not been logic. According to Holmes, it has been experience, right?

Mr. HINSON. Yes, sir.

Senator LEVIN. Just one reference to Mr. Jones' testimony, and that is that, and I do not know anything about him, frankly, other than what I saw here this morning, but I have to assume he was a licensed or a certified mechanic or inspector for the airline for which he worked. On the assumption that he was—I do not know that he was, but on the assumption that he was, does a licensed airplane mechanic have a legal duty to report dangerous situations to the FAA?

Mr. HINSON. Absolutely.

Senator LEVIN. And is the licensing, assuming someone is licensed, conditional on that requirement?

Mr. HINSON. I am sorry, sir?

Senator LEVIN. Is the licensing conditional upon living up to that requirement?

Mr. HINSON. In the sense that under the Federal Aviation Regulations, if a person who exercises the privilege of a mechanic's license or any other license, for that matter, is shown to disregard the public safety under——

Senator LEVIN. No, but specifically not report a dangerous situation to the FAA.

Mr. HINSON. If that is deduced to be your conclusion, to be an avoidance of his responsibilities to do his job, yes, sir, we can take his license, and we do.

Senator LEVIN. On the training budget, there is——

Mr. HINSON. Furthermore—excuse me, Mr. Levin. There is in the mechanic community—it is a very proud community with, as I said earlier, almost everybody exceptionally professional and responsible, and I think it is unfortunate, perhaps, the entire community of mechanics gets tinged by some comments that were made here earlier today.

They are almost all, without exception, highly qualified, highly motivated, and ethical. I have never met a mechanic in my life, anyplace, until what I heard this morning, who would in any way falsify a record or do anything fraudulent to endanger the public safety. It just is not done.

Senator LEVIN. I would go beyond that. In that rare case where it seems to be done, it seems to me that there is an obligation on the part of the 99-point-whatever percent mechanics or licensed people who are ethical to report it. I think there is a responsibility. I think the FAA has plenty of responsibility here, too, which I am not satisfied with from what I heard.

Mr. HINSON. I understand.

Senator LEVIN. And I think the airlines, obviously, have got responsibility. But I think the people who see that one in 1,000 or

one in 100 or whatever it is have some responsibility, I hope under our licensing laws, to report it to the FAA.

Mr. HINSON. I can assure you that is almost always the case. Most air carriers do not accept shoddy workmanship or fraudulent work in any case.

Senator LEVIN. Let me just ask one question about a training budget. That has been an issue here on training dollars. Apparently, the training budget has been cut in both the budget request and by the Congress over the last 4 or 5 years. Can you give us what the impact of those cuts were? Like in 1992 you had a maybe 25 or 30 percent larger training budget than you do in 1996; even more than that. What is the impact of that cut and what are we going to do about it if it is a negative impact?

Mr. HINSON. Let me ask Mr. Broderick to talk about that specifically.

Mr. BRODERICK. Mr. Levin, based on some GAO input in the early 1990s, late 1980s, we agreed that we in fact were doing, if you will, over-training; training people for multiple courses in order to give license examinations when in fact we could use somebody from the adjacent office or somebody else from the same office to do the same work and essentially save money on these airplane training courses. They are quite expensive. It is not unusual to pay $25,000 for one single course for one person.

So we went on a campaign to do a number of things. First of all, we wanted to identify for the inspectors what is the bare bones, true need training that they have to get the job done. Second, we went through with regard to management training; that is, training of managers in these technical courses and essentially eliminated it. We do not give flight training nor do we provide proficiency training for managers at all any more, to save money. So a chunk of the money came out of managers that were no longer flying, no longer spending that kind of money. That brought us to where we are today.

Quite candidly, I think that we have gone through the fat, and in some cases through the muscle and into the bone. We have got to back off. We have got to be, if you will, more liberal with regard to the training that we give, especially as Senator Cohen indicated earlier, with some of the high technology systems that are rapidly coming on line.

We do not, for example, in a maintenance inspector give type specific training. So if you are the principal maintenance inspector at an airline that gets brand new airplanes like the 777, you would not necessarily go to a 777 course, because you do not have to certificate people like the flight inspectors do that have to give flight inspection to people who are getting type ratings or pilot ratings on that aircraft. So there is a difference there.

But on the other hand, there are high tech systems, fly-by-wire, glass cockpit, computers, that may not be your traditional brake system, hydraulic system, or structure system that is common from airplane to airplane. So we do need to add those kinds of training and we are. Perhaps Tom could go over some of the new computer-based instruction courses that we have got and have added recently to the system.

Mr. ACCARDI. Yes, as a matter of fact the airlines themselves, Mr. Chairman, are moving more and more toward computer-based instruction. We have been working to purchase that. We have purchased and will be available to the district inspectors this year on computer-based instruction on the 777 so that any inspector can go in and take a look at that and become familiar with new technologies. The electronic flight information system has been released and the GPS system. And we have also acquired recently the 747–400 training.

I think that is a good way of addressing the broad breadth of the inspectors that would like to have the training and it may not be possible for us to fund it.

Senator LEVIN. In conclusion, the Chairman of the Senate Armed Services Committee asked the armed services if they had $12 billion, what would be their priorities, and we got a list a lot longer than that. If you folks had $12 million more for training, tell us for the record what you would do with it, if you would. I mean, from the way I read these budget numbers here, there have been some reductions below what was requested in the President's budget. In other words, the President's budgets have been reduced further by the Congress.

Mr. BRODERICK. That is correct.

Senator LEVIN. So just for the record, if you would tell us what are your priority needs so that we will at least have those in front of us that would be helpful. Thank you, Mr. Chairman.

Mr. HINSON. Mr. Levin, every year when I go see OMB and sit down with them and go through—or rather GAO and go through with them my priorities for the year I am always asked, what is my first priority? And I have answered for three consecutive years the same thing: intellectual capital within the FAA. This is an organization that requires smart people, and we have to make sure that we continue to bring in, train, and develop intelligent people to do the jobs we are asked to do.

Within that context, that $12 million would clearly be beneficial in the training area and we would——

Senator LEVIN. Let us know the details for the record.

Mr. HINSON. Yes, sir, I will.

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The FY 1997 President's budget includes a total of $24.4 million for Regulation and Certification training, a modest increase of $1.9 million above the current FY 1996 program availability ($22.5 million). At the requested level, training will be prioritized to support additional staffing technical training needs, technical currency of the existing inspector workforce in numbers sufficient to allow us to meet anticipated customer demand, and technical currency for other staff within their job discipline.

Regulation and Certification training represents about 26 percent of the FAA's total technical training program. Any additional resources provided for training needs in the Regulation and Certification Program would be applied to requirements in the following areas:

- Follow-on training to maintain personnel technical qualifications as well as courseware development and revision requirements (estimate $8 million).
- Maintenance and Avionics Inspector Recurrent Training (estimate $1 million).
- Flight Proficiency and Currency Training (estimate $2 million).
- Aviation Management Systems training of automation systems and software tools for regional and field personnel (automation administrators, inspectors, field support) (estimate $4 million).

Senator LEVIN. Thank you.

Senator COHEN. I would like to come back, Mr. Hinson, to what you said in response to some of the questions that Senator Levin asked you. You gave a resounding endorsement of the high caliber and honesty and efficiency and capability of the mechanics who serve the thousands of aircraft that are flying, and the implication was that their integrity had been impugned by testimony earlier today. First of all, let me say that we agree, 99.9 percent are honest and ethical and capable.

But I also have to say that in the era of deregulation there is tremendous pressure out there. You have airlines entering into the fleet that are low cost, low fare operations. They buy old aircraft. They buy cannibalized parts from other aircraft. They may sell parts from the old aircraft and represent them to be new to other airlines. It is a tremendous Darwinistic activity taking place out there. I believe, as one of our witnesses said this morning, that tremendous pressure can be brought and is brought to bear on those who are responsible for doing work saying, look the other way. Do not make trouble. If you do, it costs you your job.

So I do not think that we should use the resounding defense that you have made on behalf of all mechanics to say that there are not some out there who are doing this and that they need attention, any more than we can say, we think that 99.9 percent of all members of the Senate are completely honest and full of integrity. When one or two bring doubt upon that we all suffer. That is the nature of the process.

So we do not mean to make all mechanics suffer, but I happen to believe that notwithstanding your ringing declaration, there are people out there who are under tremendous pressure to look the other way, and to not raise any questions about the caliber of the equipment they are servicing. But I just have to believe that every day empirical experience would lead one to the conclusion that they either keep their mouths shut or they lose their jobs, and that some are choosing to keep their mouths shut rather than lose their jobs.

Now I would like to move on to a few other questions. I understand the need to defend the mechanics. We are not seeking to impugn them, but rather recognizing the reality. We do not have regulation any more. We have a tremendous number of people trying to get in the business. As a result, they are cutting costs and they are cutting quality. They may be cutting quality on equipment. They may be cutting quality on personnel. It is the job of the FAA to see to it that they do not do that.

You have got a tremendous responsibility because you can never, as we have said time and time again, hire enough people. It is impossible. We cannot give you enough money to say you are going to check every single plane. So what we are trying to do is to make sure that you are doing the best conceivable job that can be done under the circumstances.

Mr. Hinson, when you find non-compliance with safety regulations or unsafe operating practices you have a number of options. You can take no action. You can take administrative action which ranges all the way from warning letters, civil penalties, suspen-

sions, non-emergency revocation orders, emergency revocation. You have that full range of recourse, correct?

Mr. HINSON. Yes, sir.

Senator COHEN. When you revoke an air carrier's operating certificate that is the most severe enforcement action you can take. Now you issue emergency revocations when you determine that there is a threat to the public to allow that carrier to continue to fly. Now you have provided the Subcommittee with data showing the FAA issued 1,393 emergency revocation orders between 1990 and 1994. Could you tell us how many of these emergency revocation orders were issued as a result of an FAA inspector's routine surveillance of a certificate holder?

Mr. HINSON. I cannot, but let me ask Mr. Broderick if he can.

Senator COHEN. Mr. Broderick?

Mr. BRODERICK. I do not have that data but, Senator, I think that must include pilot and mechanic certificates as well, because my notes show that in the 1990 to 1995 period we had suspensions or revocations of 34 airlines under Part 121, 117 that operate under Part 135, and 68 repair stations. That, quickly adding, is a little over 200 businesses in that five-year period. So I assume that the 1,300 must include individuals as well, pilots and mechanics.

Senator COHEN. You have not broken it down in terms of how many were a result of routine surveillance by inspectors?

Mr. BRODERICK. No, sir, I did not. We could try to do a sampling——

Senator COHEN. We did. The Subcommittee made an analysis of this data that the FAA gave us and it shows that only 10 percent, or roughly 143 were identified through routine surveillance by FAA inspectors. We had 11 percent, or 156 of the emergency revocation orders were issued after an accident or an incident that had occurred, and 20 percent, some 272 came from public complaints. The GAO issued a report on this subject in 1991 that reported in the cases they reviewed FAA inspectors had recorded the majority of inspection results prior to the emergency revocation orders as satisfactory. So it gives you, again, some pause at least for whether or not the job is being conducted properly.

Mr. Hinson, FAA has testified on a number of occasions before this committee and elsewhere that no inspectors are performing inspections they are not trained to do. You were here, as you indicated, at the beginning of the session. You heard at least one FAA inspector say he was conducting inspections on aircraft that he is not trained to perform. Is he an exception?

Mr. HINSON. I think, Mr. Chairman, we need to understand exactly what people mean when they say trained on and qualified in.

Senator COHEN. He is qualified, he said, to conduct inspections on small commercial and general aviation aircraft. He is now being required to do some of the bigger aircraft and he does not feel that he can do that; he has not gotten the training. Now is he a rarity?

Mr. HINSON. I hope so. Let me ask Mr. Accardi to explain how people are qualified. It is one thing to be type rated in an airplane or qualified to fly an airplane, go to ground school on the airplane. It is another thing to be qualified to do an in-route inspection or a ramp inspection.

Senator COHEN. Mr. Accardi?

Mr. ACCARDI. Mr. Chairman, the witness this morning identified himself as a general aviation airworthiness inspector and we do hire people into the FAA with an average of about 17 years of industry experience when they come into the agency. We try to provide them with training that is appropriate to the job. I am not certain the witness this morning whether he was a geographically assigned inspector and, therefore, not principally responsible for operators of large aircraft or whether he was principally——

Senator COHEN. You would agree that someone who has, let us say 20 years of experience dealing with small commuter aircraft, that that individual in all likelihood would not be qualified to conduct an inspection of a large, sophisticated 737, 747 without some periodic updating of his or her capabilities?

Mr. ACCARDI. I would expect that this inspector probably would be capable of evaluating some of the systems at the airline if they have attended our evaluation of aviation management systems course. The person may not be able to carry out the functions of actually doing the work. And there were a lot of examples here this morning about maintenance in car relationships. I think the difference is that many times we are reviewing the systems that the carrier is using and oversee the people that are doing the work and the process and systems that are in place.

I am troubled by the fact that people feel they need more training. We have provided national and regional resource specialists and opportunities for people to make their concerns known, also through the FAA hotline anonymously. But I am troubled about what I heard here this morning.

Senator COHEN. Mr. Hinson, you indicated in response to Senator Levin that the greatest requisite you have is intellectual capital. That would apply at the inspector level as well, would it not?

Mr. HINSON. Of course.

Senator COHEN. We want to make sure that the people are properly trained. If you have got enough inspectors but they are not getting the training, then it really does not satisfy the requirements that we have.

Mr. ACCARDI. We did an analysis—and you mentioned earlier, what would we do with the money?—to give each inspector one systems training course per year was roughly about $4.7 million. So we are looking at new CBI tools as well as utilizing effectively any available dollars that are there, sir.

Senator COHEN. How about the recommendation of the GAO that you ought to combine your operation down in Palm Coast, Florida, the Center for Management Development with the FAA Academy. Is that something that you look upon positively?

Mr. HINSON. I initiated that study, Mr. Chairman, in order to look at ways to potentially reduce the cost to the agency. I read GAO testimony, and within the purview of the their comments you would reach the conclusion that we should move it if money were the only issue. But we are now, because of the study, in a negotiating position. So we will see where we can save the most money.

Senator COHEN. All right. Mr. Hinson, the Subcommittee was recently informed of a PTRS process, being used by some FAA managers to give senior management a more favorable picture of their district and regional office performance. For example, there are

work priorities divided into required inspections, or so-called R items, and planned items, or P items. The required are those that are mandatory and the planned are simply discretionary with the district office.

There is a third category called non-planned inspections, and that is where you might have an air carrier that makes revisions to its maintenance manual and then requests the FAA to come in and approve the changes in the manual. This is not required. It is not planned and it falls in the category of non-planned.

Now the Subcommittee has been told that some managers have directed their inspectors to intentionally have their records reflect that the PTRS entries reduce the number of non-planned inspections and increase the number of planned inspections so that it looks as if the planning items are being fulfilled at 100 percent. So that the time spent on a non-planned activity is then entered as a planned item such as a ramp inspection.

If this practice were to be in fact verified, I assume that you would take action to correct it immediately?

Mr. HINSON. Yes, of course.

Senator COHEN. Finally, back in 1992 the Office of Inspector General noted that during fiscal year 1986, of the 79 flight standard district offices—they are called FSDOs—six accounted for 56 percent of the FAA's enforcement actions while 49 FSDOs recorded no enforcement actions. The Inspector General's Office reported similar results for fiscal year 1994 where six FSDOs accounted for 54 percent of the enforcement actions and 52 had none at all.

Can you give some explanation of the disparity that exists?

Mr. HINSON. Let me ask Mr. Broderick to comment, if I may.

Mr. BRODERICK. I actually have not seen the report, sir. I can imagine—there is a wide range of the size of these offices. Some of them only have literally a handful of people and you could understand why they might not have any enforcement actions over the course of a year. However, the numbers that you quoted are somewhat disturbing to me and I would like to research those.

Senator COHEN. Mr. Hinson, the FAA's final report, Challenge 2000, you have talked about before. You intend to get a timeline for a report to be submitted?

Mr. HINSON. Yes, sir, I think we are going to release that on the 16th of May.

Senator COHEN. How much was budgeted for Challenge 2000? How much has been spent, do you know?

Mr. HINSON. I want to say a little over $2 million, but I would like to get back to you on that. I am not sure that is——

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The FAA budgeted $1,142,400 for Challenge 2000. Virtually all of this amount has been spent, to within a few dollars.

Senator COHEN. All right. I want to thank all of you for coming forward this morning. As I have indicated, the purpose is not to try to sensationalize the problems, but to try to address them and see what needs to be done in order to assure the traveling public that they are indeed flying the safest skies possible.

Before concluding the Committee meeting I would like to acknowledge the work of Don Mullinax, the Subcommittee's legis-fel-

low who is an auditor with the U.S. Army Audit Agency. He has been with us now for over a year. He did the vast majority of the work in preparing for this hearing and last year's hearing on unapproved parts. He is a tremendous investigator and he has done an outstanding job. He is now returning, unfortunately, to the Army Audit. But I want to thank you publicly, Don, for the tremendous work you have done in preparation for this hearing.

I thank the witnesses again.

Mr. HINSON. Mr. Chairman, I think it is appropriate for me to express our appreciation for your distinguished service as a senator here to the United States and to the public, because we know that you have chosen to leave at the end of this term. So congratulations to you, sir, for a distinguished career.

Senator COHEN. Thank you, Mr. Hinson. I hope that you will stay. One of the great problems we have had with the FAA has been the turbulence in administrators. This is something that is a persistent problem. Hopefully you will stay the full term and beyond and lend that kind of stability that is necessary for the agency.

[Whereupon, at 12:57 p.m., the Subcommittee was adjourned.]

APPENDIX

STATEMENT
BEFORE THE UNITED STATES SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT
AND THE DISTRICT OF COLUMBIA
APRIL 30, 1996

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I AM CURRENTLY A GENERAL AVIATION AIRWORTHINESS INSPECTOR FOR THE FEDERAL AVIATION ADMINISTRATION (FAA). AS SUCH, I HAVE REQUESTED THAT MY IDENTITY NOT BE DISCLOSED BECAUSE I AM EXTREMELY FEARFUL OF REPRISALS BY THE FAA.

IN THE COURSE OF MY MILITARY AND CIVIL SERVICE TO MY COUNTRY, I HAVE WILLINGLY TAKEN AN OATH TO PROTECT AND DEFEND MY COUNTRY, AND ITS GOVERNMENT, FROM ITS ENEMIES BOTH FOREIGN AND DOMESTIC. WHAT I WAS NOT AWARE OF WHEN I CAME TO THE FAA WAS THAT THOSE ENEMIES EXISTED WITHIN THE AGENCY AS WELL AS WITHOUT.

AS MY AWARENESS OF THE INTERNAL PROBLEMS WITHIN THE AGENCY HAS GROWN SO HAS THE KNOWLEDGE THAT THERE ARE NO MECHANISMS OF CHECKS AND BALANCES WITHIN TO CAUSE MEANINGFUL NOTICE OR CORRECTION OF DETRIMENTAL AND PROBLEMATICAL CONDITIONS EFFECTING ITS OPERATION AND WELL BEING. FOR TWENTY YEARS I HAVE ALWAYS TRIED TO OPERATE WITHIN THE SYSTEM TO DO THE JOB AND AFFECT THE SUCCESSFUL ACCOMPLISHMENT OF THE MISSION OF THE UNIT OR ORGANIZATION, AND THE ENFORCEMENT OF THE LAW OF THE LAND. NEVER, UNTIL RECENTLY, HAVE I CONSIDERED GOING OUTSIDE THE SYSTEM TO CAUSE CORRECTIONS OF THE PROBLEMS WITHIN IT.

AS A LOYAL CIVIL SERVANT, THE TERM "WHISTLE BLOWER" HAS ALWAYS CARRIED THE CONNOTATION OF DISLOYALTY TO THE ORGANIZATION BUT CONDITIONS NOW EXIST THAT REQUIRE ME TO REMEMBER THAT MY OATH OF OFFICE WAS TAKEN TO THE NATION AND NOT TO THE AGENCY. AS A RESULT, AND IN RESPONSE TO YOUR REQUESTS FOR FIELD INSPECTOR OBSERVATIONS ON AREAS OF SHORTFALL IN THE FAA POLICIES AND PRACTICES, AND RESULTING SUBPOENA, I OFFER THE FOLLOWING TESTIMONY.

FAA'S SAFETY INSPECTION SYSTEM

THE FAA IS CURRENTLY WASTING SCARCE RESOURCES BY HAVING AVIATION SAFETY INSPECTORS, WHO MAY EARN OVER $70,000 A YEAR, PERFORM THE DUTIES OF A $25,000 A YEAR DATA ENTRY CLERK. LITERALLY THOUSANDS OF MAN-HOURS A YEAR ARE SPENT BY THE INSPECTOR WORKFORCE IN PREPARING DATA TO FEED A SYSTEM KNOW AS THE PROGRAM TRACKING AND REPORTING SUBSYSTEM OR PTRS.

PTRS IS INACCURATE, CUMBERSOME, INEFFICIENT, AND MISUSED. THERE IS NO STANDARD METHOD FOR DATA ENTRY OR A MEANS TO ENSURE THAT THE DATA IS ENTERED ACCURATELY AND TIMELY. FOR EXAMPLE, INSPECTORS MAY COMPLETE A HARD COPY OF THE PTRS FORM WHICH MAY

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TAKE UP TO TEN MINUTES TO RESEARCH AND COMPLETE, THE FORM IS GIVEN TO A DATA ENTRY CLERK WHO ENTERS THE DATA INTO THE COMPUTER SYSTEM. IT SHOULD BE KEPT IN MIND THAT THIS IS A HARD COPY [illegible]

RATHER THAN PREPARE THE HARD COPY DOCUMENT, INSPECTORS MAY MAKE THE ENTRIES DIRECTLY INTO THE COMPUTER ELIMINATING THE CLERK ALTOGETHER. THIS METHODS ALLOWS FASTER DATA ENTRY; HOWEVER, IT TAKES THE INSPECTOR AWAY FROM INSPECTING AIRCRAFT AND PROTECTING THE TRAVELING PUBLIC.

THE CURRENT SYSTEM USED TO IDENTIFY AND CORRECT ERRORS CAN SOMETIMES DELAY PTRS ENTRIES FOR WEEKS. UNDER THE PREVIOUS SYSTEM, IF AN ENTRY WAS NOT ACCEPTABLE, THE COMPUTER GUIDED THE PERSON MAKING THE ENTRY INTO THE CORRECT ONE. THE CURRENT VERSION OF THE PROGRAM DEPENDS ON A REPORT THAT SOMETIMES IS DELAYED WEEKS BEFORE BEING RECEIVED BY THE INSPECTOR OR DATA ENTRY CLERK. THE REPORT IS GENERATED BY A LOCAL AREA NETWORK (LAN) ADMINISTRATOR WHO CIRCULATES THE REPORT BY HAND! THE PERSON WHO PREPARED THE ORIGINAL PTRS FORM MUST NOW TRY TO LOCATE THE ORIGINAL. BY THE TIME AN INSPECTOR RECEIVES THE REPORT THE ORIGINAL ENTRIES MAY BE EXTREMELY DIFFICULT TO TRACE OR CORRECT. AS A RESULT, MANY INSPECTORS KEEP DUPLICATE HARD COPY FILES OF ALL DATA ENTERED INTO THE PTRS SYSTEM.

THE GRAND SCHEME OF THE PTRS SYSTEM IS ACTUALLY QUITE SIMPLE. THE INSPECTOR OR CLERK FEEDS THE LOCAL DATA BASE, THE LOCAL DATA BASE FEEDS THE REGIONAL DATA BASE, AND THAT DATA BASE FEEDS THE NATIONAL DATA BASE.

THE DRIVING FORCE LEADING UP TO THE COLLECTION OF THE DATA BY PTRS ARE THE NATIONAL PROGRAM GUIDELINES. THESE GUIDELINES ARE DEVELOPED BY PEOPLE WHO ARE OBVIOUSLY IGNORANT OF THE OPERATIONAL ENVIRONMENT IN WHICH THE FIELD INSPECTOR LIVES.

THE GUIDELINES HAVE HISTORICALLY BEEN CREATED TO MAKE THE FAA LOOK GOOD TO THE LEGISLATURE AND WITH VIRTUALLY NO CONSIDERATION AS TO WHETHER THE PROGRAM COULD BE EFFECTIVELY ACCOMPLISHED. AS A RESULT, INSPECTORS ARE SADDLED WITH THE BURDEN OF TRYING TO COMPLY WITH THE NATIONAL GUIDELINES, DO THE JOB THEY ARE CHARGED WITH, AND REMAIN HONEST AND TRUTHFUL WHILE DOING SO. SOMETIMES IT CANNOT BE DONE SO THE DOCUMENTATION IS "PENCIL WHIPPED" OR FALSIFIED RATHER THAN TO HAVE TO FIGHT A SUPERVISOR OR HIS MANAGER OVER WHY A REQUIRED INSPECTION WAS NOT ACCOMPLISHED.

BY ORDER, THE PTRS SYSTEM IS NOT TO BE USED AS A "TIME CARD." HOWEVER, ATTEMPTS BY LOCAL MANAGEMENT TO USE PTRS AS A MINUTE-BY-MINUTE ACCOUNTING SYSTEM FOR INSPECTOR PERFORMANCE HAS RESULTED IN A WIDE SPREAD LOSS OF RESPECT FOR THE SYSTEM AND LEADS TO FURTHER ABUSE.

ONE OF THESE ABUSES IS THE "PADDING" OR INFLATING OF THE ACTUAL TIME SPENT PERFORMING AN INSPECTION. THE TIME STANDARDS PUBLISHED IN THE GUIDELINES MAY BE EXCESSIVELY OVER OR UNDERSTATED WHEN COMPARED TO THE ACTUAL TIME IT TAKES AN INSPECTOR TO PERFORM AN INSPECTION. FOR EXAMPLE, THE TIME STANDARD FOR A PARTICULAR INSPECTION MAY BE SIX AND A HALF HOURS. HOWEVER, DUE TO THE SIZE AND COMPLEXITY OF THE OPERATOR, THE INSPECTOR MAY BE ABLE TO COMPLETE THE INSPECTION IN ONLY TWO HOURS. BECAUSE MANAGERS OVERLY STRESS THE USE OF PTRS AS A "TIME CARD", THERE IS A WIDE SPREAD TENDENCY TO TAKE CREDIT FOR THE ENTIRE SIX AND HALF HOURS RATHER THAN THE TIME IT ACTUALLY TOOK.

OTHER ABUSES OF PTRS INCLUDE THE OPPORTUNITY FOR INSPECTORS TO FALSIFY THEIR WORK ATTENDANCE BY MANIPULATING WHO THEY VISIT AND THE TIME OF DAY THAT INSPECTIONS OCCUR. RECORDS EXIST OF ONE INSPECTOR WHO VISITED THE SAME OPERATOR NEARLY THIRTY TIMES IN A GIVEN YEAR AND DID NOT REPORT ANY FINDINGS OR DEFICIENCIES. MANY OF THE VISITS WERE ON FRIDAYS, THE DAY BEFORE HIS DAY OFF. ALL VISITS WERE MADE LATE IN THE AFTERNOON, TOO LATE FOR THE INSPECTIONS TO BE ACCOMPLISHED AND ALLOW TIME FOR THE INSPECTOR TO RETURN TO THE OFFICE. FURTHER, THE INSPECTION SITE WAS ONLY A FEW MINUTES FROM THE INSPECTOR'S HOME.

THE MOST CRITICAL ABUSE OF THE SYSTEM FALLS INTO THE CATEGORY OF OUTRIGHT FRAUD. CREDIT MAY BE AND IS BEING CLAIMED FOR INSPECTIONS THAT ARE NOT ACCOMPLISHED. CASES ARE ON RECORD SHOWING THAT INSPECTOR(S) REPORTED CERTIFICATION INSPECTIONS AS HAVING BEEN ACCOMPLISHED THAT WERE NEVER DONE. ONE SUCH REPORT INVOLVED APPROVING A FACILITY FOR OPERATION WHEN IT DID NOT MEET ACCEPTABLE STANDARDS. THIS FACILITY STILL DID NOT MEET THE STANDARDS TWO YEARS LATER BUT THE CERTIFYING INSPECTOR CONTINUED TO APPROVE THE FACILITY FOR OPERATION.

INSPECTORS PERFORM REQUIRED INSPECTIONS AND PLANNED INSPECTIONS. THE REQUIRED INSPECTIONS ARE PRIORITY ITEMS. THE PLANNED INSPECTIONS ARE SUPPOSED TO BE DISCRETIONARY INSPECTIONS WHICH ARE DEVELOPED BY LOCAL MANAGEMENT. HOWEVER, OVER TIME THE PLANNED INSPECTIONS HAVE TAKEN ON AN URGENCY OF THEIR OWN BECAUSE THEY ARE USED AS A MEASURE OF THE EFFECTIVENESS OF THE LOCAL MANAGER WHO DEVELOPED THEM. AS A RESULT, LOCAL MANAGERS ESTABLISH QUOTAS FOR COMPLETING PLANNED INSPECTIONS WHICH PLACES ADDITIONAL DEMANDS ON FIELD INSPECTORS. THESE DEMANDS CAN RESULT IN LESS THAN FACTUAL REPORTING OF THE INSPECTION COMPLETIONS ON A WIDE SPREAD BASIS.

THE VARIATIONS AND POSSIBILITIES OF FALSIFICATION OF PTRS DATA ARE VIRTUALLY ENDLESS AND AT A PERIOD OF TIME WHEN THE FAA, AS WELL AS ALL GOVERNMENT AGENCIES, ARE BEING REQUIRED TO REDUCE THE RATIO OF SUPERVISORS OVER FIELD INSPECTORS THE SITUATION CAN ONLY GET WORSE.

INSPECTOR TRAINING

THE LACK OF TRAINED INSPECTORS IS HAVING A SIGNIFICANT IMPACT ON ENSURING THE SAFETY OF THE TRAVELING PUBLIC. GENERAL AVIATION INSPECTORS WITH ONLY LIGHT AIRCRAFT AND COMMUTER AIRLINE BACKGROUND AND LITTLE OR NO CURRENT LARGE AIRCRAFT EXPERIENCE ARE BEING REQUIRED BY FAA MANAGEMENT TO CERTIFY AND PROVIDE SURVEILLANCE OF LARGE AIR CARRIERS.

THE PROBLEM IS COMPOUNDED BY THE FACT THAT THE GENERAL AVIATION AIRWORTHINESS INSPECTORS WHO ARE HAVING TO FILL THE GAP HAVE HISTORICALLY BEEN LEFT OUT OF THE TRAINING ON THE VERY STATE-OF-THE-ART AIRCRAFT FOR WHICH THEY ARE NOW BEING REQUIRED TO INSPECT. IF SUCH TRAINING IS AVAILABLE IT IS GENERALLY MADE AVAILABLE TO OPERATIONS INSPECTORS.

MANY AIRWORTHINESS INSPECTORS WHO HAVE BEEN IN GENERAL AVIATION POSITIONS FOR YEARS HAVE NEVER RECEIVED ANY TRAINING ON THE LARGE AIRCRAFT THAT THEY ARE NOW BEING ORDERED TO OVERSEE. SOME ARE PERFORMING WITH ONLY THE EXPERIENCE THEY BROUGHT WITH THEM FIFTEEN OR TWENTY YEARS AGO.

THE HARDEST THING FOR A WRITER TO DESCRIBE ARE THOSE THINGS THAT HE HAS NOT SEEN, FUNCTIONS HE DOES NOT KNOW OF, AND CONVERSATIONS HE HAS NOT HEARD. LIKE MANY OTHER GENERAL AVIATION INSPECTORS ASSIGNED TO INSPECTIONS FOR WHICH THEY ARE NOT QUALIFIED THOSE THINGS THAT I DO NOT KNOW ABOUT THE CURRENT STATE-OF-THE-ARE AIRCRAFT I NOW SERVE FAR EXCEEDS THOSE THINGS THAT I DO KNOW.

ON THE MATTER OF TRAINING, I ASK THE MEMBERS OF THIS SUBCOMMITTEE TO REMEMBER THAT THE ONE OPTION THAT A SERVING INSPECTOR DOES NOT HAVE IS THE RIGHT OF REFUSAL. HE HAS TO DO THE JOB AS ASSIGNED REGARDLESS OF HIS LACK OF TRAINING.

MR. CHAIRMAN, THIS CONCLUDES MY STATEMENT, I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Governmental Management, Committee on Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at
9:30 a.m. EDT
Tuesday,
April 30, 1996

AVIATION SAFETY

Targeting and Training of FAA's Safety Inspector Workforce

Statement of Gerald L. Dillingham,
Associate Director, Transportation and
Telecommunications Issues,
Resources, Community, and Economic Development Division

GAO/T-RCED-96-26

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to testify on the Federal Aviation Administration's (FAA) safety inspection program. Although the accident rates for air travel in this country are among the lowest in the world and aviation is one of the safest means of transportation, recent fatal accidents have raised concerns about the safety of air travel. FAA's Office of Flight Standards Service develops the federal aviation regulations that airlines must follow and prepares guidance on how FAA safety inspectors should perform inspections. This office also inspects commercial and general aviation aircraft, aircraft repair stations, schools for pilot training and maintenance, and pilots. These inspections serve as part of an early warning system to identify potential safety-related problems. Our testimony today draws on our work since 1987 on FAA's targeting of inspection resources and its inspector training.[1] In addition, we interviewed about 50 inspectors for this and other work and have incorporated their comments on training where relevant to the issues discussed in this testimony. The comments made by these inspectors are not projectable to FAA's entire inspection training program, but their views and ongoing work by the Department of Transportation's Inspector General (DOT IG) indicate that long-standing problems with inspector training continue to exist.

In summary, we have found that

-- FAA needs to target its inspection resources to the areas of greatest potential risk. Because of the magnitude of the inspectors' workload, targeting is essential because FAA may never have enough resources to inspect all pilots, aircraft, and facilities. Since 1991, FAA has been working to develop its Safety Performance Analysis System (SPAS) to target

[1]Related GAO Products are listed at the end of this testimony.

resources for aviation inspections. However, problems with the quality of the source data, such as data on the results of safety inspections, jeopardize the potential benefits of the $32-million SPAS system. We recommended in February 1995 that FAA develop a comprehensive strategy to improve the quality of these data. FAA officials planned to develop such a strategy by the end of 1995, but the strategy drafted by an FAA contractor has yet to receive agency approval.

-- Over the last decade, we, the DOT IG, and FAA have reported on problems related to the technical training for inspectors, including inspectors performing inspections for which they did not have appropriate or current credentials. Our work has shown persistent problems with FAA's training of inspectors. Specifically, inspectors have been unable to take courses that they believe are necessary to perform their inspection responsibilities. Additionally, FAA has limited aircraft-specific training and decreased the frequency of flight training for inspectors responsible for overseeing pilot proficiency. Decreases in FAA's overall budget have reduced the funding available for technical training by 42 percent from fiscal years 1993 through 1996. FAA estimates that it will have a shortfall of $20 million for technical training that FAA had identified as essential in its fiscal year 1996 training needs assessment process.

FAA EFFORTS TO DEVELOP AN INSPECTOR TARGETING SYSTEM

As early as 1987, we identified the need for FAA to develop criteria for targeting safety inspections to airlines with characteristics that may indicate safety problems and noted that targeting was important because FAA may never have enough resources to inspect all aircraft, facilities, and pilots. FAA employs about 2,500 aviation safety inspectors to oversee about 7,300 scheduled

commercial aircraft, more than 11,100 charter aircraft, about 184,400 active general aviation aircraft, about 4,900 repair stations, slightly more than 600 schools for training pilots, almost 200 maintenance schools, and over 665,000 active pilots.

Although FAA has taken steps to better target its inspection resources to areas with the greatest safety risks, these efforts are still not complete. SPAS, which FAA began developing in 1991, is intended to analyze data from up to 25 existing databases that contain such information as the results of airline inspections and the number and the nature of aircraft accidents. This system is then expected to produce indicators of an airline's safety performance, which FAA will use to identify safety-related risks and to establish priorities for FAA's inspections. FAA completed development and installation of the initial SPAS prototype in 1993. As of April 1996, FAA had installed SPAS in 59 locations but is experiencing some logistical problems in installing SPAS hardware and software. Full deployment of the $32-million SPAS system to all remaining FAA locations nationwide is scheduled to be completed in 1998.

In February 1995, we reported that although FAA had done a credible job in analyzing and defining the system's user requirements, SPAS could potentially misdirect FAA resources away from the higher-risk aviation activities if the quality of its source data is not improved.[2] SPAS program officials have acknowledged that the quality of information in the databases that are linked to SPAS poses a major risk to the system. To improve the quality of data to be used in SPAS analyses, we recommended that FAA develop and implement a comprehensive strategy to improve the quality of all data used in its source databases. FAA concurred with the need for this comprehensive strategy and planned

[2]Aviation Safety: Data Problems Threaten FAA Strides on Safety Analysis System (GAO/AIMD-95-27, Feb. 8, 1995).

to complete it by the end of 1995. As of April 1996, the strategy drafted by an FAA contractor had not been approved by agency management. Until FAA completes and implements its strategy, the extent and the impact of the problems with the quality of the system's data will remain unclear.

Although we have not determined the full extent of the problems, our recent audit work and recent work by the DOT IG have identified continuing problems with the quality of data entered into various source databases for SPAS. FAA's Program Tracking and Reporting Subsystem (PTRS), which contains the results of safety inspections, has had continuing problems with the accuracy and consistency of its data. Several FAA inspectors mentioned concerns about the reliability and consistency of data entered into PTRS. According to an inspector who serves on a work group to improve SPAS data inputs, reviews of inspectors' entries revealed some inaccurate entries and a lack of standardization in the comment section, where inspectors should report any rules, procedures, practices, or regulations that were not followed. He said inspectors continued to comment on things that were not violations while some actual violations went unreported. For example, during our ongoing work we recently found a PTRS entry indicating an inspection that never occurred on a type of aircraft that the carrier did not use. The DOT IG also concluded in a November 1995 report that FAA inspectors did not consistently and accurately report their inspection results in PTRS because reporting procedures were not interpreted and applied consistently by FAA inspectors, and management oversight did not identify reporting inconsistencies.[3] The DOT IG recommended that FAA clarify PTRS reporting procedures to ensure consistent and accurate reporting of inspections and to establish controls to ensure supervisors review

[3]Surveillance of Pilot Schools: Federal Aviation Administration, Office of Inspector General, U.S. Department of Transportation, R9-FA-002, (Nov. 8, 1995).

PTRS reports for reporting inconsistencies and errors. Such problems can jeopardize the reliability of SPAS to target inspector resources to airlines and aircraft that warrant more intensive oversight than others.

ADEQUACY OF INSPECTOR TRAINING CONTINUES TO BE A CONCERN

Over the last decade, we, the DOT IG, and internal FAA groups have repeatedly identified problems and concerns related to the technical training FAA has provided to its inspectors. For example, both we and the IG have reported that FAA inspectors were inspecting types of aircraft that they had not been trained to inspect or for which their training was not current. In the wake of these findings, FAA has revised its program to train inspectors by (1) developing a process to assess training needs for its inspector workforce, (2) attempting to identify those inspections that require aircraft-specific training and limiting this training to the number of inspectors needed to perform these inspections, and (3) decreasing the requirements for recurrent flight training for some of its inspectors.

However, our interviews with 50 inspectors indicate that some inspectors continue to perform inspections for which they are not fully trained, and some inspectors do not believe they are receiving sufficient training. While we cannot determine the extent of these problems from our limited interviews, the training issues reflect persistent concerns on which we and others have reported for many years. For example, we reported in 1989 that airworthiness inspectors received about half of the training planned for them in fiscal year 1988.[4] Furthermore, we reported in 1989 and the DOT IG reported again in 1992 that inspectors who did not have appropriate training or current qualifications were

[4]Aviation Training: FAA Aviation Safety Inspectors Are Not Receiving Needed Training (GAO/RCED-89-168, Sept. 2, 1989).

conducting flight checks of pilots.[5] The Director of FAA's Office of Flight Standards Service acknowledged that the adequacy of inspector training remains a major concern of inspectors.

Some Inspectors Still Do Not

Recognizing that some of its employees had received expensive training they did not need to do their jobs while others did not receive essential training, in 1992 FAA developed a centralized process to determine, prioritize, and fund its technical training needs. This centralized process is intended to ensure that funds are first allocated for training that is essential to fulfilling FAA's mission. In accordance with this process, each FAA entity has developed a needs assessment manual tailored to the entity's activities and training needs. For example, the manual for the Flight Standards Service outlines five categories of training. The highest priority is operationally essential training, which is defined as training required to provide the skills needed to carry out FAA's mission. The other four categories, which are not considered operationally essential, involve training to enhance FAA's ability to respond to changes in workload, to use new technologies, to enhance individual skills, or to provide career development. To identify initial course sequences for new hires and time frames for their completion as well as some continuing development courses that are not aircraft-specific, FAA created profiles for the various types of inspectors.

Although each profile notes that additional specialized training may be required according to an inspector's assigned responsibilities and prior experience, the centralized process provides no guidance for analyzing individualized needs. According

[5]Audit of Aviation Inspection Program: Federal Aviation Administration, Office of Inspector General, U.S. Department of Transportation, R6-FA-2-084, (May 29, 1992).

[illegible] inspectors we interviewed who had received initial training, they were not receiving the specific technical training needed to [illegible] assigned to carriers. The inspectors said that the new hire process does not fully address their advanced training needs and that some inspectors were performing inspections

[illegible] operate airlines but had never attended maintenance training that was for the types of aircraft he inspects. He said that he had requested needed training for 5 years with his supervisor's approval, but his requests were not ranked high enough in the prioritization process to receive funding. Instead, FAA sent the maintenance inspector to training on Boeing 727s and composite materials, which were not related to the aircraft he was responsible for. He said that he did not request these courses and assumed he was sent to fill available training slots. Another maintenance inspector said that although he was trained on modern, computerized Boeing 767s, he was assigned to carriers who fly 727s, [illegible], and DC-9s with older mechanical systems.

While the Director of the Flight Standards Service said that inspectors could obtain some aircraft-specific training by attending classes given by the airlines they inspect, inspectors with whom we spoke said that supervisors have not allowed them to take courses offered by airlines or manufacturers because their participation could present a potential conflict of interest if the courses were taken for free. Some inspectors we interviewed said that when they could not obtain needed training through FAA they have audited an airline's classes while inspecting its training program. Although the inspectors might acquire some knowledge by auditing an airline's class, they stressed that learning to oversee the repair of complex mechanical and computerized systems and to detect possible safety-related problems requires concentration and hands-on learning, not merely auditing a class. The inspectors said that extensive familiarity with the aircraft and its repair

and maintenance enhances their ability to perform thorough inspections and to detect safety-related problems.

While technical training is especially important when inspectors assume new responsibilities, other inspectors we interviewed said that they sometimes do not receive this training when needed. For example, although an operations inspector requested Airbus 320 training when a carrier he inspected began using that aircraft, he said that he did not receive the training until 2 years after that carrier went out of business. Similarly, several inspectors told us that despite their responsibility to approve global positioning system (GPS) receivers, a navigation system increasingly being used in aircraft, they have had no formal training on this equipment. Finally, a maintenance inspector, who was responsible for overseeing air carriers and repair stations that either operate or repair Boeing 737, 757, 767, and McDonnell Douglas MD-80 aircraft, said that the last course he received on maintenance and electronics was 5 years ago for the 737. Although the other three aircraft have replaced mechanical gauges with more sophisticated computer systems and digital displays, the inspector has not received training in these newer technologies. While acknowledging the desirability of updating training for new responsibilities, the Director of the Flight Standards Service said that prioritizing limited training resources may have defined essential training so narrowly that specialized training cannot always be funded.

The Acting Manager of FAA's Flight Standards National Field Office, which oversees inspector training, told us that to improve training programs for inspectors FAA is also providing training through such alternative methods as computer-based instruction, interactive classes televised via satellite, and computer-based training materials obtained from manufacturers. However, the effectiveness of these initiatives depends on how FAA follows through in promoting and using them. For example, while FAA has

developed a computer-based course to provide an overview of GPS, the course is not currently listed in the training catalogue for the FAA Academy. We found that several inspectors who had requested GPS training were unaware of this course. According to the Manager of the Regulatory Standards and Compliance Division of the FAA Academy, their lack of awareness may be because the course is sponsored by a different entity of FAA, the Airway Facilities Service. If this GPS course meets inspectors' needs, they could be informed of its availability through a special notice and by cross-listing it in FAA's training catalogue. The extent to which inspectors will use distance learning equipment (e.g., computer-based instruction) and course materials depends in great part on their awareness of existing courses and whether the equipment and software are readily available.

FAA Has Limited the Number of Inspectors Who Receive Aircraft-Specific Training

Because of resource constraints, FAA has reduced the number of inspections for which aircraft-specific training is considered essential and has limited such training to inspectors who perform those inspections. For example, FAA requires inspectors to have pilot credentials (type ratings by aircraft) when they inspect commercial aircraft pilots during flight. FAA has a formula to determine how many inspectors each district office needs to perform inspections requiring aircraft-specific skills. A district office must perform a minimum number of aircraft-specific inspections each year to justify training for that type of aircraft. Offices that perform fewer than the minimum number of inspections that require specialized skills may borrow a "resource inspector" from FAA headquarters or a regional office. According to the Director of the Flight Standards Service, FAA cannot afford to maintain current pilot credentials for all inspectors so they can conduct pilot inspections.

However, inspectors interviewed mentioned problems with using resource inspectors, although we have not determined how pervasive these problems are. Some of the inspectors said that they had difficulties obtaining resource inspectors when needed. Additionally, they said that sometimes resource inspectors are not familiar with the operations and manuals of the airline they are asked to inspect and may therefore miss important safety violations of that airline's policies or procedures. For example, while one inspector, who had primary responsibility for a carrier that was adding a new type of aircraft, had to terminate the inspection because the airline's crew was not operating in accordance with the carrier's operations manual, the resource inspector who accompanied him had not detected this problem because he was unfamiliar with that carrier's specific procedures. In responding to these concerns, the Director of the Flight Standards Service acknowledged that the resource inspector may need to be paired with an inspector familiar with the airline's manuals.

According to the Director of the Flight Standards Service and the Acting Manager of the Evaluations and Analysis Branch, identifying inspections that require aircraft-specific training and limiting training to those who perform such inspections has reduced the number of inspectors who need expensive aircraft-specific flight training. They said this policy also helps to ensure that inspections requiring a type rating are only conducted by inspectors who hold appropriate, current credentials. As we recommended in 1989, reevaluating the responsibilities of inspectors, identifying the number needed to perform flight checks, and providing them with flight training makes sense in an era of limited resources for technical training.

The DOT IG's ongoing work has found differences of opinion and confusion within FAA about which inspections require aircraft-specific training and type ratings. For example, while the Flight Standards Service training needs assessment manual lists 48

inspection activities for which operations inspectors need aircraft-specific training,[6] during the DOT IG's ongoing audit the Acting Manager of the Evaluations and Analysis Branch listed only 15 inspection activities requiring current type ratings. Until FAA identifies the specific inspection activities that require aircraft-specific training or type ratings, it will remain unclear whether some inspections are being performed by inspectors without appropriate credentials. The DOT IG's ongoing study is evaluating this issue in more detail.

FAA Has Reduced Flight Training Requirements for Operations Inspectors

We and the DOT IG have previously reported that FAA inspectors making pilot flight checks either did not have the credentials (type ratings) or were not current in their aircraft qualifications in accordance with FAA requirements. Being current is important because some inspectors may actually have to fly an aircraft in an emergency situation. In May 1993, FAA decreased the frequency of inspector training and more narrowly defined those inspector activities requiring type ratings. Under FAA's previous policy, inspectors overseeing air carrier operations received actual flight training (aircraft or simulator flying time) every 6 months to maintain their qualifications to conduct flight checks on pilots. FAA now requires recurrent flight training every 12 months and limits this requirement to those inspectors who might actually have to assume the controls (flight crewmember, safety pilot, or airman certification) in aircraft requiring type ratings. Because inspectors who ride in the jump seat would not be in a position to assume control of an aircraft, they no longer need to remain current in their type ratings, whereas inspectors of smaller general aviation aircraft who might actually have to assume the

[6]Operations inspectors generally monitor the operational aspects of an airline, including pilot certification and performance, flight crew training, and in-flight record keeping.

controls, are required to receive flight training. However, this annual requirement for general aviation inspectors has been changed to every 24 months.

Inspectors we interviewed opposed the change requiring less frequent flight training. An operations inspector for general aviation aircraft believed training every 2 years was inadequate for inspectors who have to be at the controls every time they conduct a check ride. Another inspector, who is type rated in an advanced transport category aircraft, said he has not received any aircraft flying time and only half the simulator time he needs.

According to the Acting Manager of the Evaluations and Analysis Branch, the decision to reduce the requirements for flight training was driven by budget constraints, and FAA has not studied the potential or actual impact of this reduction. Consequently, it is unknown whether the change in inspector flight training frequency is affecting aviation safety. The Director of the Flight Standards Service said that FAA has been placed in a position of having to meet the safety concerns of the aviation industry and the public at a time when air traffic is projected to continue increasing while resources are decreasing.

Funding for Technical Training Has Decreased Significantly

Between fiscal years 1993 and 1996, decreases in FAA's overall budget have significantly reduced the funding available for technical training. FAA's overall training budget has decreased 42 percent from $147 million to $85 million. FAA has taken a number of steps over the years to make its technical training program more efficient. For example, the prescreening of air traffic controller trainees has improved the percentage of students who successfully complete this training and decreased the number of FAA and contract classes needed. Additionally, in response to our recommendation,

FAA has limited expensive flight training to inspectors who require current flight experience. FAA has also realized savings from the increased use of distance learning (e.g., computer-based instruction) and flight simulation in place of more expensive aircraft training time.

FAA's reduced funding for technical training has occurred at a time when it has received congressional direction to hire over 230 additional safety inspectors in fiscal year 1996. To achieve this staffing increase, FAA will have to hire about 400 inspectors to overcome attrition. New staff must be provided initial training at the FAA Academy to prepare them to assume their new duties effectively. The cost of this training, combined with overall training budget reductions, constrains FAA's ability to provide its existing inspectors with the training essential to effectively carry out FAA's safety mission.

For fiscal year 1996, FAA's training needs assessment process identified a need for $94 million to fund operationally essential technical training. However, due to overall budget reductions, FAA was allocated only $74 million for this purpose. For example, the budget for Regulation and Certification is $5.2 million short of the amount identified for operationally essential training. Specific effects of this shortfall include: delaying the training of fourth quarter inspector new hires until fiscal year 1997; cancellation of 164 flight training, airworthiness, and other classes planned to serve over 1,700 safety inspectors; and delay of recurrent and initial training for test pilots who certify the airworthiness of new aircraft. Based on the fiscal year 1997 request, the gap between FAA's request and the amount needed to fund operationally essential technical training will be even greater in fiscal year 1997, in part because of training postponed in fiscal year 1996. Regulation and Certification, for example, is projecting an $8.1-million shortfall in operationally essential training.

FAA's Center for Management Development in Palm Coast, Florida, which provides management training in areas such as leadership development, labor-management relations, and facilitator skills, has experienced a 9-percent funding decrease since fiscal year 1993. At a time when FAA's overall staffing has decreased from 56,000 in fiscal year 1993 to around 47,600 in fiscal year 1996, these decreases have not been reflected in the center's costs or level of activity.

An FAA contractor study completed in April 1995 showed that co-locating the center with the FAA Academy in Oklahoma City would result in cost savings of a half million dollars or more per year. Specifically, the study estimated that FAA could save between $3.4 million and $6.3 million over the next 10 years by transferring the center functions to the FAA Academy. The study also identified such intangibles as adverse employment impacts in the Palm Coast area that could be considered in making a relocation decision. FAA management currently supports retention of the center. In reviewing this study, we have identified potential additional savings that could increase the savings from relocating this facility to as much as $1 million annually. For example, the study estimated that easier commuting access to Oklahoma City would save $2.5 million in staff time over the 10-year period, an amount that was not included in the study's overall savings estimate. The study also did not consider reducing or eliminating center staff who duplicate functions already available at the FAA Academy, such as course registration and evaluation. In an era of constrained budgets where funding shortfalls for essential technical training have become a reality, FAA must find ways to make the best use of all available training resources. Moving the center's functions to the FAA Academy should be seriously considered--particularly since FAA's 10-year lease on the center facility expires in August 1997.

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Mr. Chairman, this concludes our statement. We would be pleased to respond to questions at this time.

RELATED GAO PRODUCTS

Aviation Safety: Data Problems Threaten FAA Strides on Safety Analysis System (GAO/AIMD-95-27, Feb. 8, 1995).

FAA Technical Training (GAO/RCED-94-296R, Sept. 26, 1994).

Aircraft Certification: New FAA Approach Needed to Meet Challenges of Advanced Technology (GAO/RCED-93-155, Sept. 16, 1993).

FAA Budget: Important Challenges Affecting Aviation Safety, Capacity, and Efficiency (GAO/T-RCED-93-33, Apr. 26, 1993).

Aviation Safety: Progress on FAA Safety Indicators Program Slow and Challenges Remain (GAO/IMTEC-92-57, Aug. 31, 1992).

Aviation Safety: Commuter Airline Safety Would Be Enhanced With Better FAA Oversight (GAO/T-RCED-92-40, Mar. 17, 1992).

Aviation Safety: FAA Needs to More Aggressively Manage Its Inspection Program (GAO/T-RCED-92-25, Feb. 6, 1992).

Aviation Safety: Problems Persist in FAA's Inspection Program (GAO/RCED-92-14, Nov. 20, 1991).

Serious Shortcomings in FAA's Training Program Must Be Remedied (GAO/T-RCED-90-91, June 21, 1990, and GAO/T-RCED-90-88, June 6, 1990).

Staffing, Training, and Funding Issues for FAA's Major Work Forces (GAO/T-RCED-90-42, Mar. 14, 1990).

Aviation Safety: FAA's Safety Inspection Management System Lacks Adequate Oversight (GAO/RCED-90-36, Nov. 13, 1989).

Aviation Training: FAA Aviation Safety Inspectors Are Not Receiving Needed Training (GAO/RCED-89-168, Sept. 14, 1989).

FAA Staffing: Recruitment, Hiring, and Initial Training of Safety-Related Personnel (GAO/RCED-88-189, Sept. 2, 1988).

Aviation Safety: Measuring How Safely Individual Airlines Operate (GAO/RCED-88-61, Mar. 18, 1988).

Aviation Safety: Needed Improvements in FAA's Airline Inspection Program Are Underway (GAO/RCED-87-62, May 19, 1987).

FAA Work Force Issues (GAO/T-RCED-87-25, May 7, 1987).

APPENDIX I

Department of Transportation: Enhancing Policy and Program Effectiveness Through Improved Management (GAO/RCED-87-3, Apr. 13, 1987).

(341491)

Statement of
RAYMOND J. DECARLI
Assistant Inspector General for Auditing
Office of Inspector General
U.S. Department of Transportation

April 30, 1996

Before
the Subcommittee on
Oversight of Government Management
and the District of Columbia
U.S. Senate

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STATEMENT OF RAYMOND J. DECARLI
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Mr. Chairman and Members of the Subcommittee, it is my pleasure to be here today to provide our assessment of inspections performed by the Federal Aviation Administration (FAA). FAA's most important missions are to ensure that air travel is safe, and to control this Nation's air traffic, on the ground and in the skies. To accomplish its safety oversight responsibilities, FAA established a series of procedures, manuals, circulars, and regulations designed to license individuals and corporations, grant approvals for the production of aircraft and aviation parts, assure compliance with mandatory aviation requirements, and accomplish periodic surveillance inspections of aviation safety-related activities. These programs are executed by a cadre of over 2,500 inspectors, and are further augmented by non-Government FAA designated examiners.

Mr. Chairman, good inspections organizations have several basic attributes:

❶ They have an inventory of the entities they are responsible for overseeing;

❷ They have a process for targeting high-risk activities;

❸ They have well-defined inspection requirements which include the critical items that must be reviewed;

❹ They have documentation showing what was inspected and the results of the inspection;

❺ They have a system for communicating identified problems to the entity inspected;

❻ They have a system to record, track, and followup on needed corrective actions; and

❼ They have a process to periodically analyze the results of the inspections in order to identify problems that need to be addressed systemically.

While the United States operates the most complex air transportation system in the world, FAA's safety inspection programs do not include all seven attributes. Significant improvements in FAA's safety inspection programs are necessary.

Targeting Inspections

Like most Government oversight organizations, FAA will never have enough resources to comprehensively inspect all manufacturers, repair stations, aircraft operators, airports, etc., on a regular basis. Therefore, FAA must identify and quantify all its inspection responsibilities and prioritize its work, so that resources can be focused on those entities having the highest risk. However, FAA has not collected the information nor developed the data bases essential to effectively prioritize and target its inspection resources.

In 1990, we audited FAA's inspections of commercial airlines. Our audit disclosed that 84 aircraft operators were inspected between 200 and 18,000 times each. In fact, one plane, operated by a major commercial air carrier, was inspected 200 times in one year, although no significant violations had been identified. Conversely, 1,100 aircraft operators for whom inspections were required, were not inspected. Our conclusion, at the end of this review, was that FAA was not providing a level or quality of surveillance commensurate with the risk and FAA's responsibilities.

Our ongoing followup audit shows inspection resources are not being targeted to entities having the greatest risk. Aircraft operators and activities inspected are primarily left to the discretion of individual inspectors. We found inspectors typically do repetitive inspections which primarily focus on the large operators without considering the operators' compliance and safety records. For example, during FY 1995 Delta Airlines received the most surveillance with almost 13,000 inspections. Out of those 13,000 inspections, inspectors identified only seven violations for which FAA initiated enforcement actions.

In FY 1994, FAA reported that it accomplished 99.8 percent of its "required" inspections (inspections identified as mandatory and priority work). That sounds like a significant improvement, but in reality, FAA reduced its number of "required" inspections from 103,000 in FY 1990 to 44,000 in FY 1994. By decreasing the number of "required" inspections, FAA substantially improved the percentage of required inspections

accomplished, even though the actual number of required inspections completed declined. Conversely, the number of inspections left to the discretion of individual inspectors increased from 168,000 in FY 1990 to 267,000 in FY 1994. Our analysis of the discretionary coverage showed these inspections did not focus on problem areas.

Our 1993 audit of foreign and domestic repair stations reinforced the conclusions of our prior audit. FAA's guidelines require aviation safety inspectors to conduct one facility inspection annually for each domestic and foreign repair station regardless of size, type, and significance of repairs, levels of activity, or types of recurring violations. We found significant differences between repair stations. Some were small operations doing repairs on parts that may or may not be safety critical. Others, however, had hundreds of employees, repaired safety critical items, and had sales volumes in the hundreds of millions of dollars.

In its program for inspections of repair stations, FAA did not target major or safety critical stations for higher levels of FAA surveillance. In fact, FAA did not maintain the management data necessary to identify major or safety critical repair stations or to perform a viable risk assessment. Considering the aviation repair industry is large and diverse, accurate and detailed information is necessary to design and implement a cost-effective inspection program. The data concerning repair stations, maintained currently in FAA's Vital Information System (VIS), was not accurate, provided little information about the type of work repair stations actually performed, and did not include information on the volume of repairs performed.

During our audit of two Flight Standards District Offices (FSDO) in FAA's Southern Region, we found 22 percent of repair stations had either no ratings or, incorrect ratings, assigned in the VIS. In addition, the VIS did not track specific makes and models of aircraft, or components, repaired by the repair stations. To determine specifically what aircraft, engine, or part each repair station was qualified and approved to work on, required a time-consuming task of reviewing each repair station's certificate. The current certificates were not easily attainable because they were maintained at each of the FSDO locations, rather than at a central location. Determining the volume of repairs at any specific repair station requires contacting each of the 4,400 domestic repair stations. Although volume data are available in the World Aviation Directory, the data are self-reported and not independently verified.

FAA has recognized the need for improvement in prioritizing its workload. In February 1991, FAA initiated development of an automated Safety Performance Analysis System (SPAS). SPAS is being used on a test basis in selected FSDOs. The system is not scheduled to be fully operational until sometime in FY 1997. We observed a SPAS demonstration at one FSDO. While the system flagged "potential" and "unacceptable" conditions inspectors reported in the Program Tracking and Reporting System (PTRS), FSDO personnel were uncertain how this information will be used to schedule and adjust inspections coverage.

The General Accounting Office (GAO) recently reviewed SPAS and identified problems that may adversely impact FAA's use of the system. The GAO representative will address these conclusions in his testimony today.

Establishing Requirements

Having interviewed many FAA inspectors, we concluded that given adequate time, a well-trained, conscientious inspector could do a good inspection even without having specific inspection guidelines. However, in the aviation operations environment, many inspections are performed under constrained timeframes. Timeframes that are often driven by circumstances beyond the control of an FAA inspector such as scheduled aircraft departure times. Furthermore, some inspectors, due to inadequate training and experience, may not know what essential items should be inspected. Others inspectors lack the initiative to do a thorough job.

For these reasons, we have concluded and consistently opined that for each type of inspection, FAA should use a systematic approach. In other words, for each type of inspection, there should be a list of specific items that are critical and must be reviewed. A comprehensive list of optional inspection items may also be available. Furthermore, for all inspections, items inspected, whether mandatory or optional, should be documented. Without minimum standards, we have little confidence that inspections are more than cursory reviews that lack substance and provide little assurance that safety requirements are being met.

FAA's statistics, as discussed in our prior report on FAA's aviation inspection program, reflected a high number of ramp inspections on commercial carriers. We found that most ramp inspections were significantly limited. Important items, such as landing gears, were

checked only 48 percent of the time. Oxygen was checked 43 percent of the time, engines were checked 52 percent of the time, and engine controls were checked 33 percent of the time. Can you imagine taking your car in for an inspection and having the brakes and tires checked 50 percent of the time? At the very extreme, we observed FAA inspections that were nothing more than a walk around the aircraft looking for leaking fluids. So, when the FAA proclaims that it has made thousands of inspections, it has no idea how many were comprehensive, and how many were cursory.

In our current audit, we noted inconsistencies between inspection coverage and results. FAA spent about 25 percent of its surveillance efforts making 34,581 ramp inspections during FY 1995. Less than I percent of these inspections resulted in enforcement actions. During CY 1995, in response to the Secretary's goal of Zero Accidents, FAA inspectors completed 105 focused inspections of commercial operators. These inspections were made using National Aviation Safety Inspection Program (NASIP) standards and procedures. The NASIP approach was a structured review, performed by inspectors who did not work for the certificate-holding FSDO. NASIP inspections disclosed 2,282 findings and four commercial operators suspended operations after the NASIP inspection. For example, six inspectors performed a NASIP inspection of the Miami, Florida, based Arrow Air between February 27 and March 8, 1995. The NASIP inspectors identified significant problems not disclosed by the Miami based FAA inspectors. NASIP inspectors initiated 12 enforcement actions and FAA suspended Arrow Air's operating authority for more than 2 months. By comparison, the Miami FSDO made 502 inspections of Arrow Air during FY 1994 and identified only two violations resulting in enforcement actions. These results suggest that FAA might be able to significantly reduce ramp inspections and improve the effectiveness of the inspection program by adopting a more structured methodology and by using inspectors who do not inspect the same operators day-after-day.

Our audit of repair stations disclosed similar problems. The Federal Aviation Regulations Part 43 requires each person performing aircraft maintenance and repair to use the methods, techniques, and practices prescribed in the manufacturer's current maintenance manual, or, other procedures acceptable to the FAA Administrator. Manufacturers' maintenance manuals, including approved repair processes, are issued for each aircraft, aircraft engine, propeller, and component. Revisions to manufacturers' maintenance manuals are critical to proper repair because of modifications to repair procedures and techniques caused by

engineering changes based on experience, service bulletins, airworthiness directives, or technological improvements. Despite the criticality of having current repair manuals, there is no requirement for FAA inspectors inspecting repair stations, to check specific items, including the manuals in use.

Our auditors visited 14 repair stations and found 5 that performed repairs for U.S. registered aircraft using outdated manufacturers' maintenance manuals. We found that 11 of the 73 manufacturers' maintenance manuals in use, and reviewed during our audit, were not the most current editions. We determined that repair stations used outdated manuals to perform at least 47 repairs of components such as actuators, vertical gyros, air compressors, and starters.

FAA management does not agree that minimum mandatory inspection requirements are needed. The FAA position is that FAA inspectors are experienced professionals who should have vast latitude in determining the scope of their work. OIG reviews have demonstrated that inspector latitude should only be applied after the most critical items have been inspected.

Accuracy of Data in the PTRS

In our prior audit, we identified a problem associated with using "standard times" in the PTRS for tracking resources associated with inspections. We reported inspectors accounted for their time based on the established "standard time" for specific types of inspections; regardless of how much time they actually took. We identified one inspector who recorded, based on standards, 204 hours of inspections during one day of actual work. FAA agreed to correct this situation and has since required inspectors to record their actual time in the PTRS. During our current audit, inspectors were recording, as actual, time spent which was often less than the "standard time." However, inspectors reported multiple inspections concurrently and thereby overstated times spent on inspections. For example, during a 12-hour international flight, an inspector accomplished five inspections for which he recorded 46.9 actual hours of inspection work accomplished. While this case may be extreme, it is not isolated. At one FSDO, 27 of the 30 Inspectors included in our audit recorded more than 10 hours of "actual" inspection time in a day.

Doing Meaningful Inspections

While mandatory inspection requirements can help to focus inspectors on critical items, they will not solve all FAA's inspection problems. FAA needs to do unannounced inspections, using realistic testing techniques. Then, FAA needs to "call" the results as they are. FAA's responses to problems suggest that FAA too often is more concerned about the impact its decisions will have on the industry, rather than with stringent enforcement of its safety regulations. FAA usually announces inspections in advance and is reluctant to use indepth or realistic testing.

Our audit of Designated Mechanics Examiners (DME) provided an indication of these problems. DMEs are experienced non-Government aviation mechanics, appointed by FAA, to test applicants who want to become certified aviation mechanics. As of May 1992, 669 DMEs tested about 20,000 applicants. In FY 1992, FAA performed 1,200 surveillance inspections of the DMEs to ensure testing was adequate and in accordance with established procedures and requirements. We observed the testing administered by 35 DMEs and FAA's oversight of them. Prior to our audit, the passing rate for the 35 DMEs we observed was 98.68 percent (only 38 failures out of 2,882 tests). Amazingly, the passing rate dropped to 58.14 percent when we were present during the testing (16 failures out of 43 tests observed).

FAA has the ability to do more realistic and indepth inspections. However, had this been done, it is probable that there would have been more failures identified, and enforcement actions would increase. FAA inspectors have told us FAA has little desire to process more enforcement actions.

Another problem is the lack of knowledge by some FAA inspectors. During our audit of DMEs, we wanted to know if the FAA inspectors were knowledgeable of the basic test requirements. Accordingly, we randomly asked 20 FAA inspectors two basic questions related to requirements of the oral portion of the examination. We asked:

- What was the minimum number of questions required for each subject, and
- What was the minimum passing grade for each subject?

We found that 17 of the 20 FAA inspectors did not know the correct answers to at least one of the questions. Based on the results of our audit, it was obvious that FAA's surveillance of the DME Program was insufficient to provide assurances that DME certified mechanics, as officially endorsed by FAA, actually possessed adequate skills and knowledge.

Performing Required Oversight

Although the focus of this hearing is not about unapproved parts, it is not possible to fully address the adequacy of FAA safety oversight, without at least mentioning two issues related to parts in which FAA oversight has been seriously deficient. The first issue relates to ensuring the manufacturers producing and selling parts have the requisite approvals and authority. FAA has knowingly failed to oversee and enforce implementation of its regulatory requirements for many years. While FAA inspections of repair stations, over the years, have shown that parts produced by manufacturers without requisite authority, were being used, FAA has done little to enforce its requirements. FAA's inaction contributed to the substantial inventory of unapproved aircraft parts in existence today. The second issue relates to FAA's oversight of foreign manufactured parts. Although such oversight is required by FAA Order 8120.2A, at the time of our audit in 1992, FAA inspectors had not identified foreign manufactured parts that were critical to safety, and did not plan to perform any surveillance over foreign suppliers of these parts through May 1996. FAA's response to our report addressing foreign manufactured parts included a discussion of insufficient resources to accomplish those required inspection. However, as I have previously stated, FAA used its inspection resources to conduct 13,000 inspections of a single carrier. This is another example of failure to prioritize and target inspection resources. Since our audits, FAA has initiated corrective actions on both of these problems.

Recording and Tracking Corrective Actions

Many FAA inspectors do not properly report, or followup on, deficiencies identified during inspections. In 1991, we observed 60 ramp inspections during which 92 deficiencies were identified that required airlines to make corrective repairs. Inspectors did not record 71 of 92 deficiencies in FAA's data base so that corrective action could be tracked. Furthermore, inspectors did not report all violations for appropriate enforcement action. During FY 1990, 6 of 79 FSDOs accounted for 56 percent of enforcement actions, while 49 FSDOs

recorded no enforcement actions. More recently, FAA's FY 1994 PTRS results indicate that 6 of 96 FSDOs accounted for 54 percent of the enforcement actions, while 52 FSDOs recorded no enforcement actions. As part of our current audit, we will determine the reason for these differences.

During the past 4 years, the Office of Inspector General has made 70 recommendations to improve FAA's safety oversight mission. There has been some improvement, but more needs to be done. Attached are listings of the safety related recommendations we have made since May 1992. FAA's position and the current status of these recommendations are also shown.

Mr. Chairman, as I stated earlier, FAA has more than 2,500 inspectors responsible for making air travel safe. While the work these inspectors do is commendable, FAA management can do much to improve their effectiveness.

Mr. Chairman, this concludes my statement. I would be happy to answer your questions.

REPORT NO. R6-FA-2-084: AVIATION INSPECTION PROGRAM
DATE ISSUED: MAY 29, 1992
SUMMARY OF FAA ACTIONS ON RECOMMENDATIONS

REC NO.	RECOMMENDATION	FAA POSITION	STATUS
A01	Revise the Aviation Safety Inspector's Handbook to: A. Identify all activity codes for which operations inspectors must have specific "type ratings" and recurrent training to perform.	Disagreed	No action taken by FAA.
A01	B. Restrict the use of waivers to only those instances where older aircraft in moderate use are involved and where recurrent training is not feasible.	Partially Agreed	Action completed May 5, 1993. FAA issued a Joint Handbook Bulletin establishing restrictions on the use of waivers
A01	C. Require district office supervisors to enforce agency policy on inspector qualifications, training, and use of waivers.	Partially Agreed	Same as status of Recommendation A01.B
A02	Develop a system for tracking operations inspectors' qualifications and recurrent training needs.	Disagreed	No action taken by FAA.
A03	Direct district office managers to stop using inspectors to make inspections on aircraft for which the inspectors are not appropriately "type rated" and current on training.	Partially Agreed	Action completed May 5, 1993. See status of A01 B
B01	Establish policy that only regional managers can approve the termination of planned "required" inspections.	Disagreed	No action taken by FAA
B02	Include specific standards in regional and district managers' performance standards requiring completion of 100 percent of "required" inspections, or justifying exceptions.	Disagreed	However, the current performance standards for the regional and district managers call for completing 100 percent of required inspections

B03	Expand National Program Guidelines to identify specific responsibilities and procedures for reviewing, analyzing, and adjusting surveillance plans and accomplishments. These procedures should, at a minimum, provide that A Headquarters and regional offices review surveillance accomplishments, at least quarterly, to ensure planned inspections are accomplished The reviews and followup actions should be documented	Partially Agreed	In February 1992, the Flight Standards National Field Office initiated quarterly reviews of "required" inspection accomplishments
B03	B Regional offices review the Vital Information System and annual inspection plans to ensure "required" inspections are accurately planned and discretionary inspections focus on potential risks and emphasis areas. The reviews and corrective actions should be documented	Agreed	FAA annually reminds its field offices to update the Vital Information System
C01	Revise Inspectors' Handbook to require inspectors to complete all elements on the job aids, when conditions permit, and to describe in the reports why and how the inspection was limited in scope	Disagreed	No action taken by FAA
C02	Revise the Program Tracking and Reporting Subsystem Procedures Manual to direct inspectors to charge actual time when reporting surveillance accomplishments.	Disagreed	However, FAA issued a bulletin in December 1992 instructing inspectors to record actual surveillance time in PTRS
C03	Develop a job aid for inspecting aircraft maintenance records. The job aid should, at a minimum, require inspectors to: A Review aircraft logbooks for evidence of repetitive problems and improper maintenance procedures B Compare mechanic signatures on records to an authorized list of mechanics C Compare material and parts listed on aircraft maintenance records to operators' material issue records	Partially Agreed	FAA issued a March 31, 1993, memorandum to all inspectors instructing them to look beyond surface documentation during maintenance inspections.

C04	Expand Inspectors' Handbooks to establish procedures for followup on deficiencies identified during inspections and prescribe time limits for making followup reviews	Partially Agreed	FAA issued a June 25, 1993, memorandum reminding inspectors to record each specific surveillance activity.
C05	Revise Inspectors' Handbooks to direct inspectors to record deficiencies noted during inspections into the operators' aircraft logbook and to sign and date the aircraft logbook upon completion of the aircraft inspection	Disagreed	No action taken by FAA
C06	Expand Inspectors' Handbooks to establish procedures and responsibilities for supervisory review of inspections and reports	Disagreed	No action taken by FAA
D01	Issue a policy statement requiring all inspectors to review common violations in FAA Order 2150.3A and make it clear that these violations must be reported when identified during inspections.	Partially Agreed	FAA issued a March 31, 1993, memorandum directing inspectors to record all noncompliance with FARs observed during surveillance in PTRS.
E01	Revise FAA Order 2150.3A to (i) identify the Inspector General's investigative role, (ii) provide guidelines to inspectors for identifying potential criminal violations, and, (iii) assign the Regional Counsels' office with the responsibilty for referring potential criminal matters to the OIG	Partially Agreed	Open. FAA and OIG met to clarify relative jurisdictional roles

REPORT NO R6-FA-3-036. PRICING OF AIRCRAFT PARTS
DATE ISSUED FEBRUARY 5, 1993
SUMMARY OF FAA ACTIONS ON RECOMMENDATIONS

REC NO	RECOMMENDATION	FAA POSITION	STATUS
A01	Clarify FAA Technical Instruction 4100 24 to require inspectors to (i) verify that suppliers and manufacturers furnish proof of FAA production authorization for each aircraft part or assembly, (ii) physically inspect parts to ensure they have prescribed markings including parts manufacturer approval (PMA) designations, and (iii) stop relying on Illustrated Parts Catalogs for identifying approved manufacturers of aircraft parts	Agreed	Action completed in January 1993
A02	Require on purchase orders, statements that suppliers and manufacturers must furnish proof of FAA production authorization for each aircraft part or assembly	Agreed	Action completed in July 1994
A03	Establish procedures for (i) identifying approved manufacturers and reliable vendors for aircraft parts, and (ii) auditing suppliers. Suppliers who cannot provide the required documentation should be removed from the reliable vendor list.	Agreed	Action completed in October 1994
A04	Provide a joint workshop for contracting officers, inventory managers, and inspectors to (i) thoroughly familiarize them with requirements for purchasing and accepting approved aircraft parts, and (ii) discuss changes needed by each group to improve the process of identifying valid sources and ensuring only approved parts are received	Agreed	Action completed in January 1993
A05	Establish procedures for ensuring that all parts installed on aircraft are first approved by Quality Control	Agreed	Action completed in January 1993

A06	Dispose of unapproved parts.	Agreed	FAA completed a physical inventory of all aircraft parts and rejected $5.4 million (56%) of aircraft parts due to lack of appropriate certification paperwork. Of the $5.4 million, FAA (i) accepted parts costing $1.7 million, (ii) identified parts costing $1.2 million for destruction, and (iii) reclassified parts valued at $2.5 million as reparable. FAA is reviewing alternatives for destroying and disposing of these rejected parts
B01	Establish procedures for reporting suspected unapproved parts in accordance with Advisory Circular 21-29 and retaining those parts until they are inspected and cleared for disposition by the System Surveillance and Analysis Division	Agreed	Action completed in January 1993.

REPORT NO. R9-FA-3-106: SURVEILLANCE OF DESIGNATED MECHANIC EXAMINERS
DATE ISSUED SEPTEMBER 29, 1993
SUMMARY OF FAA ACTIONS ON RECOMMENDATIONS

REC NO	RECOMMENDATION	FAA POSITION	STATUS
A01	Ensure FAA standards and procedures relative to FAA surveillance inspections, designated mechanic examiners (DMEs) testing practices, and adequacy of facilities are enforced.	Agreed	Open DME checklist scheduled for completion July 1996
A02	Ensure inspectors are knowledgeable of testing, tools, equipment, and facility requirements.	Agreed	Action completed in January 1996
A03	Complete investigating the 22 DMEs identified as abusing their authority	Agreed	Action completed in May 1994
A04	Ensure all applicants tested by DMEs found to have abused their authority are qualified for the certification received	Agreed	Action completed in 1994
A05	Report the material internal control weaknesses cited in this report to the Secretary for inclusion in the Secretary's annual report to the President and Congress as required by the FMFIA	Agreed	Action completed December 1993

REPORT NO. R0-FA-4-001: SURVEILLANCE OF FOREIGN MANUFACTURED AIRCRAFT PARTS
DATE ISSUED: NOVEMBER 8, 1993
SUMMARY OF FAA ACTIONS ON RECOMMENDATIONS

REC NO.	RECOMMENDATION	FAA POSITION	STATUS
A01	Determine the resources needed for identifying and surveilling priority foreign manufactured parts as required by FAA Order 8120.2A, Production Approval and Surveillance Procedures and, if necessary, request Congress to provide funds to obtain additional resources needed for accomplishing this surveillance.	Agreed	FAA Order 8120 2A, has been revised, final approval is expected in May 1996 In addition, FAA Advisory Circulator 21-20B, Supplier Surveillance Procedures, was revised in April 1996. FAA's Supplier Management Team is assessing resources needed to surveil foreign suppliers. No completion date has been established
A02	Require FAA inspection offices to use the services of Foreign Civil Air Authorities (FCAA), whenever practical.	Agreed	Action completed. FAA is using FCAA in its surveillance program. Revised FAA Order 8120.2A increases emphasis on manufacturer's supplier controls, and provides detailed procedures for surveillance of foreign suppliers by FAA and FCAA acting in FAA's stead
A03	Report the inability to fully implement established production approval and surveillance procedures under FAA Order 8120.2A to the Secretary for inclusion in the Secretary's annual report to the President and the Congress as required by the FMFIA.	Agreed	Action completed. The Secretary included the aviation inspection area in his December 30, 1993 annual report to the President and the Congress

REPORT NO R6-FA-4-007. PARTS MANUFACTURER APPROVAL PROCESS
DATE ISSUED MARCH 7, 1994
SUMMARY OF FAA ACTIONS ON RECOMMENDATIONS

REC NO	RECOMMENDATION	FAA POSITION	STATUS
A01	Develop a plan for taking enforcement action against manufacturers who produce replacement aircraft parts outside the FAA-approved system for use on certificated products	Agreed	Action completed in September 1995
A02	Report weaknesses cited in this report to the Secretary for inclusion in the annual report to the President and Congress as required by the FMFIA	Disagreed	In May 1994, OIG accepted FAA's decision not to include cited weaknesses in the annual FMFIA report based on the initiatives FAA had taken
B01	Evaluate FAA and industry needs for comprehensive information on PMAs and develop appropriate means to meet those needs	Agreed	Action completed in September 1995

REPORT NO. R4-FA-4-009 CERTIFICATION AND SURVEILLANCE OF DOMESTIC AND FOREIGN REPAIR STATIONS
DATE ISSUED MARCH 7, 1994
SUMMARY OF FAA ACTIONS ON RECOMMENDATIONS

REC NO.	RECOMMENDATION	FAA POSITION	STATUS
A01	Continue plans to revise Advisory Circular (AC) 20-62D, Eligibility, Quality, and Identification of Approved Aeronautical Replacement Parts, and ensure the revision is published as planned and includes standard certification requirements for the aviation industry to use that clearly identifies the part number, manufacturing source, and compliance with the Federal Aviation Regulations (FARs) for all replacement parts used to repair aircraft or aircraft components.	Agreed	FAA plans to issue the revised AC20-62D in the 4th quarter of FY 1996.
A02	Continue plans to revise and reissue FAR Part 21 and ensure the revised regulations require the legible marking of replacement parts produced by all production approval holders (PAHs) comparable to the marking requirements for parts manufacturer approval (PMA) manufactured parts and require all PAHs to provide evidence of FAA production approval and certification of compliance with the FARs.	Partially Agreed	Resolved. An Aviation Rulemaking Advisory Committee is developing new marking requirements for release in FY 1997.
A03	Revise FAR Part 43 and provide technical guidance to clearly define acceptable part substitutions and allowable types of subcontracted repairs: A. Require repair stations to have authorized officials evaluate the safety impact of all part substitutions prior to installation and document the justification for using alternate parts.	Disagreed	Referred to the departmental followup official (DFO) for resolution.
A03	B Clarify which repair functions are allowed to be subcontracted to repair stations not approved by the FAA.	Agreed	FAR Part 145 to be revised in FY 1996.

A04	Continue the development of a statistically based management feedback system. Ensure the system includes development of information on the volume, type, technical sophistication, safety sensitivity, or criticality of repairs made by each repair station and the extent and significance of problems found at repair stations in order to target major or risk sensitive stations for in-depth FAA surveillance. Specially A. Require domestic repair stations to report activity level each year similar to the requirement for foreign repair stations	Disagreed	Referred to the DFO for resolution
A04	B. Redefine repair station ratings to more clearly identify what type repairs each repair station is approved to perform	Agreed	FAR Part 145 to be revised in FY 1996
A04	C. Identify recurring problems and high risk areas by analyzing inspection results	Agreed	The new risk assessment system, Safety Performance Analysis Subsystem (SPAS), is being field-tested and inspectors are being trained
A04	D. Develop in-house training courses for aviation safety inspectors concerning areas most at risk and the most efficient and effective inspection techniques to use.	Agreed	Action to be completed by September 1996. The recently established National Suspected Unapproved Parts (SUPs) Program Office is developing a formal SUPs training course. No written confirmation has been received
A05	Develop standard performance measures that represent the success or failure of a repair station's operation	Disagreed	Referred to the DFO for resolution
A06	Require independent testing, on a statistical basis, of components and products repaired by repair stations to evaluate the adequacy of work performed	Disagreed	Referred to the DFO for resolution
A07	Develop a statistical approach to the surveillance process such as standard requirements for aviation safety inspectors to review a certain number of work orders, manufacturers' maintenance manuals, and the traceability of parts used in repair.	Disagreed	Referred to the DFO for resolution

A08	Require aviation safety inspectors to document tests performed during each surveillance inspection and the safety implications of any deficiencies found	Disagreed	Referred to the DFO for resolution.
A09	Develop standard procedures to ensure inspectors take appropriate followup actions when they find FAR violations and require standard documentation including the preparation of a SUP notification for safety-impacted parts repaired using outdated manuals, incorrect part substitutions, or unauthorized repair stations.	Disagreed	Referred to the DFO for resolution.
A10	Expand regulatory authority to require FAA surveillance of aircraft parts distributors or brokers, and to require distributors or brokers maintain documentation for the traceability of all parts sold or traded, and to provide to purchasers documentation supporting the FAA approval status and the manufacturing origin of all such aircraft parts.	Disagreed	Referred to the DFO for resolution.
A11	Provide guidance to the aircraft repair industry on the PAH and repair station data available from FAA including instruction on how to access current data on PAHs, drop-ship authorization holders, and repair station authorizations for all aircraft parts	Partially Agreed	Resolved. FAA turned over PMA data to a commercial vendor with on-line service planned for FY 1996.
A12	Report the material internal control weaknesses disclosed in this report to the Secretary for inclusion in the Secretary's annual report to the President and Congress as required by the Federal Managers' Financial Integrity Act of 1982 (FMFIA)	Disagreed	Referred to the DFO for resolution

REPORT NO R4-FA-6-026 SUSPECTED UNAPPROVED PARTS PROGRAM
DATE ISSUED April 9, 1996
SUMMARY OF FAA ACTIONS ON RECOMMENDATIONS

REC NO	RECOMMENDATION	FAA POSITION	STATUS
A01	Expedite adoption of a clear suspected unapproved parts (SUPs) policy that acknowledges and recognizes the importance of the SUPs Program and the FAA Administrator's commitment to aggressively pursue SUPs	Agreed	Resolved The FAA Administrator issued a SUPs Policy Statement on December 7, 1995, to all Regulation and Certification (AVR) employees which clarified FAA's policy to aggressively pursue SUPs
A02	Implement SUPs Program goals and objectives which define a clear purpose and FAA's expected outputs and outcome of the SUPs Program.	Agreed	Resolved. The FAA Administrator's SUPs Policy Statement clarifies it is the policy of FAA to eliminate the potential safety risk posed by SUPs
A03	Expedite the establishment of a SUPs organizational structure that is organizationally independent and empowered to cross FAA aviation disciplines to investigate SUPs cases as recommended by the SUPs Task Force	Agreed	Resolved The SUPs Program Office was established on November 13, 1995
A04	Expedite the development of a SUPs specific training for inspectors as recommended by the SUPs Task Force	Agreed	Resolved Initial SUPs specific training was scheduled March 1996, formal SUPs specific training is scheduled to begin the 4th quarter of FY 1996

A05	Expedite the development and implementation of standardized comprehensive SUPs inspection procedures, including procedures to expand the scope beyond the initial allegation once the allegation has been substantiated as recommended by the SUPs Task Force.	Agreed	Resolved. FAA Order 8120.10, Suspected Unapproved Part Program, is being revised to set procedures to be used in SUPs investigations. The revised order is expected to be issued during the 3rd quarter of FY 1996.
A06	Require inspectors to contact the SUPs reporter prior to conducting the SUPs investigation to obtain additional information possibly not available in the SUPs file.	Agreed	Resolved. The revised FAA Order 8120.10 will contain specific guidance on the manner in which the inspector is to acquire information necessary for conducting an investigation.
A07	Expedite changes to aviation safety inspector's work program to include SUPs investigations as a required item in the normal workload so that SUPs investigations receive appropriate emphasis	Agreed	Resolved. The FAA Administrator agreed to institute a required item in the work program for inspectors in FY 1997 with Flight Standards Service (AFS) and System Surveillance and Analysis (AIR) directing that SUPs receive equivalent priority in FY 1996 programs
A08	Implement a procedure requiring the SUPs investigator contact the SUPs reporter at the end of the SUPs investigation for both customer service reasons and to obtain the SUPs reporter's views on the close-out.	Disagreed	Resolved. Proposed alternative action meets the intent of the recommendations The SUPs Program Office will contact the reporter.
A09	Reopen and reevaluate SUPs case numbers 94-052, 94-099, 94-108, 94-126, 94-136, 94-140, 94-177, 94-246, 94-284, and 94-302 and contact the OIG audit office for data on deficiencies identified by the audit	Agreed	Resolved. The SUPs Program Office is reviewing cases and the OIG has been contacted for data on deficiencies identified in the SUPs audit

A10	Adopt a policy that prohibits the assignment of an aviation safety inspector to investigate a SUPs case at a certificate holder where the aviation safety inspector is normally assigned	Disagreed	Open The OIG responded to FAA's concerns in the final report and requested FAA reevaluate its response to this recommendation
A11	Enforce the FAA Order 8120.10 requirement that the case file in System Surveillance and Analysis Division (AIR-300) should be the official case file and contain all documentation associated with a particular case	Agreed	Resolved. FAA Order 8120.10 is being revised to reflect that the SUPs Program Office will maintain the official case files
A12	Expedite the attainment of legislative authority to seize and destroy unapproved parts as recommended by the SUPs Task Force	Agreed	Resolved The SUPs Program Office will pursue this action through the FAA's Office of the Chief Counsel
A13	Implement a tracking system to ensure all task force recommendations are properly and timely implemented.	Agreed	Resolved. The SUPs Program Office will track the task force recommendations and include the status of implementation in a quarterly report for the FAA Administrator and Congress
B01	Establish a clear policy and management controls to ensure the timely publication of unapproved parts information to the aviation industry	Agreed	Resolved The SUPs Program Office is developing a new process for distribution of information and is including the procedure in the revision to FAA Order 8120.10
B02	Develop and implement a recall process for known unapproved parts using NHTSA's process as a guideline	Agreed	Resolved The SUPs Program Office has adopted a process for removal of unapproved parts consistent with the task force report
C01	Issue a policy statement to all field offices that all SUPs reports provided to FAA field office staff are to be promptly forwarded to the national SUPs report collection point	Agreed	Resolved The SUPs Program Office is the central collection point for SUPs The revised FAA Order 8120.10 will reflect this

C02	Require field office personnel to followup with the national SUPs report collection point to confirm receipt unless confirmation of a SUPs report submitted is received from the SUPs collection point.	Agreed	Resolved. FAA is adopting systems that confirm to all reporters that the report has been received and is in the data base. This will also be reflected in the revised FAA Order 8120.10.
C03	Develop a management control that periodically surveys FAA field offices and the aviation industry to detect SUPs reports that have not been entered in the national SUPs data base.	Agreed	Resolved. The revised FAA Order 8120.10 will require quarterly cross-checks with law enforcement agencies and FAA field offices
D01	Implement a continuing quality control process to ensure information forwarded to the national SUPs Program Office is timely, accurate, and complete.	Agreed	Resolved. FAA Order 8120.10 will include the procedures to be used to guarantee the quality central process meets the FAA Administrator's policy on SUPs
D02	Require field offices to report to the national SUPs office additional parts found during SUPs investigations and require data base officials update the SUPs data base with the total number of all SUPs found as a result of SUPs investigations.	Agreed	Resolved. FAA Order 8120.10 will include procedures to be used in identifying all SUPs found during investigation, above and beyond the original SUPs reported
D03	Require SUPs management reports include the total number of individual parts in addition to the number of cases.	Agreed	Resolved. This data will be available as part of the design of the new Parts Reporting System
D04	Establish a policy that SUPs cases remain open in the data base until all enforcement action and security investigations are complete	Agreed	Resolved. This was implemented by the SUPs Program Office in January 1996
D05	Initiate a comparison review of the data base information with documentation located in the SUPs files and correct any data entry errors found	Agreed	Resolved. The SUPs Program Office is considering this issue as part of the new Parts Reporting System design. This system should be completed by September 1997.

D06	Implement management controls to ensure field offices update the national SUPS Program Office within time intervals prescribed in FAA Order 8120 10.	Agreed	Resolved The SUPs Program Office will aggresively pursue timely responses to update requirements as referenced in the revised FAA Order 8120 10
E01	Establish a management control to ensure that all notifications received from other agencies concerning nonconforming standard parts are recorded in the SUPS data base and are properly investigated	Agreed	Resolved FAA Order 8120 10 will establish FAA's policy to record all nonconforming standard parts in the Parts Reporting System and investigate them in the same manner as any other SUPs
E02	Establish consistent policy and procedures concerning the investigation of SUPS cases involving standard parts and provide it to FAA field offices.	Agreed	Resolved FAA Order 8120 10 will reflect FAA's policy to investigate reported and alleged standard parts in the same manner as any others

STATEMENT OF THE HONORABLE DAVID R. HINSON, FEDERAL AVIATION ADMINISTRATOR, BEFORE THE SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS, SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT AND THE DISTRICT OF COLUMBIA, CONCERNING THE FEDERAL AVIATION ADMINISTRATION'S AVIATION SAFETY INSPECTOR PROGRAM. APRIL 30, 1996.

Mr. Chairman and Members of the Subcommittee:

I welcome the opportunity to appear before you today to discuss the FAA's aviation safety inspector program. With me today are Mr. Tony Broderick, Associate Administrator for Regulation and Certification, and Mr. Thomas Accardi, Director of Flight Standards.

FAA has traditionally viewed the surveillance of the aviation industry conducted by our aviation safety inspectors as a vital means of assuring that our safety standards and requirements are being met and of developing information about potential safety problems before they result in tragedy. Our aviation safety inspectors are the foundation of our certification and surveillance system, and on a day-to-day basis do an outstanding job of overseeing industry activities throughout the country and, indeed, the world. Our surveillance programs, as well as our underlying regulatory standards, serve as the world's aviation safety model. In fact, *Flight International Magazine* recently selected the FAA's foreign air carrier safety program to receive special honors for its contribution to air safety. The International Civil Aviation Organization is also exploring the adoption of a program such as ours to assess and upgrade aviation safety throughout the world.

Nevertheless, I think it is important to stress that there are clearly opportunities to improve our inspection programs, and we are continuously taking steps to do just that.

Over the past decade and-a-half, the way FAA conducts its surveillance activities has undergone a radical transformation to improve its effectiveness. We have moved from a diffused system, with little central direction, management, and oversight, to a much more programmed, centrally focused, and targeted approach to conducting surveillance. Today's system is far improved over yesterday's, but we are the first to acknowledge that it can continue to be made better, for example, by taking steps to upgrade training opportunities for our inspector workforce and by continuing to refine how we target our resources to particular airlines or activities where the greatest safety dividends can be achieved. And, as I will deseribe, we are taking those steps. Let me take a few moments now to briefly share with you how today's program has evolved and our plans for the future.

Because of its critical role in promoting aviation safety, the FAA's surveillance program has not only occupied the agency's attention and interest, but has been carefully monitored by the Congress and others over the years. The program we have in place has benefited much as a result of our having implemented many of the recommendations we have received.

Starting in the mid-1980's, the FAA undertook a top-to-bottom reevaluation of its surveillance program, leading to substantial changes in direction. One of the problems highlighted at that time was the failure of inspector staffing to keep pace with the increased demands that had been placed on our workforce by industry growth and change. As a result, between 1983 and 1995, inspector staffing nearly doubled, and, in view of continued needs, we are requesting an additional 154 Flight Standards aviation safety inspectors in our FY 97 budget request. Early on, the agency recognized that recruiting, training, equipping, and effectively managing and using a significantly expanded workforce required a tremendous amount of planning and effort. The result was a completely revamped inspection program, which continues to be built on today.

Changes were made so that the program was managed at the national level with much more clearly defined objectives and goals. Nearly 2,000 pages of detailed instructional guidance material were developed and made available to all inspectors. For the first time, national program guidelines (NPG) were developed to provide central direction and define the numbers and types of inspections to be conducted throughout the world. Regional offices and field offices supplement these nationally programmed inspections with their own planned discretionary inspections based upon local knowledge and situations. This has provided for a more consistent and balanced approach to inspection activities.

In addition, FAA began conducting in-depth, independent safety reviews of certificate holders with teams of inspectors from outside the normal inspecting office. These reviews help provide balance to the oversight program, and offer a very detailed look at a particular operator's programs. These comprehensive inspections are called NASIPs and RASIPs--shorthand for national or regional aviation safety inspection programs. They are triggered when indicators such as inspection results, enforcement records, accident/incident reports, financial conditions, rapid expansion or mergers, or other factors warrant. They also provide a basis at the policy level to designate certain areas of industry for a detailed review in a particular year. For example, last year all 138 air carriers operating aircraft in scheduled service with 10 or more passenger seats received a special review.

Another fundamental change in approach was to move away from a paper-oriented system and to modernize the way we collected, compiled, and disseminated safety-related information developed during the several hundred thousand inspections we conduct each year. To meet this need, FAA developed more sophisticated automation tools, such as the Work Program Management System (WPMS) in the mid to late 1980's and its successor the Program Tracking and Reporting Subsystem (PTRS). The PTRS system has continued to improve since its introduction, and it enables us to assign inspection activities, derived from aviation environmental data bases, to field offices and inspectors. In addition, it provides our inspector workforce and management with information on certification, inspections, and other work activities completed by our field offices.

It is important to recognize the magnitude of the aviation industry and the corresponding amount of data we develop in monitoring that industry. Our safety inspectors conduct more than 365,000 surveillance activities each year. A large airline may be inspected several times a day by inspectors in diverse parts of the country, and the nature of those inspections will differ. A tremendous amount of data is developed from inspections nationwide throughout each year. Inspectors need rapid analytical tools to access that information to develop data to target their surveillance activities toward areas presenting potential safety risk. Management also has a need for that type of information in order to direct limited resources where and when they are most needed and to assure that potential adverse safety trends are addressed To help meet this need, we have been working to develop the Safety Performance Analysis System, called SPAS. SPAS is a computer based software system that provides current and historical analysis capabilities. It will provide us with virtually real-time, graphical and tabular summaries to help us continuously reprioritize our surveillance efforts to areas that may present a safety risk. No other aviation safety agency in the world either develops the extent of data that we do, nor has developed a system with anything like the capabilities and sophistication of SPAS. Many of our counterparts throughout the world have expressed an avid interest in working with us and ultimately sharing data for integration as the system evolves.

We expect that SPAS will acquire and analyze data from more than 20 FAA and non-FAA data bases, automatically flagging potential problems to us for our review and

analysis. Using carefully developed performance measures, SPAS is able to rapidly track performance of air carriers and air agencies, providing comparisons in various areas of performance against related industry norms, thereby bringing critical information directly to an inspector's attention for further review and action. SPAS is able to deliver in a matter of minutes information that used to take weeks or months to develop if it was ever produced. Thus, SPAS will not only increase inspector productivity, but will permit a much greater perspective and understanding of the aviation industry and what inspection and related data is telling us.

In July 1995, SPAS software entered the operation test phase using the functionality of Microsoft's Windows '95 program. It was installed for 180 Flight Standards users who are participating in the operational test. Tests will continue until 1997 when we plan to begin installation of a revised version of the system based upon inspector feedback from the test.

Another significant improvement that will begin formal field-testing next month is the On-Line Aviation Safety Inspection System (OASIS). OASIS is a suite of productivity tools hosted on a laptop computer that can be carried into the field by an inspector. The system has the capability to instantly provide on-line reference to thousands of pages of inspector reference documents all linked through hyper-text links. Documents such as the Federal Aviation Regulations, Advisory Circulars and inspector handbooks as well as specific safety airworthiness directives are all easily accessible, providing the latest safety

information appropriate to a given inspection, contributing to improved inspection quality and standardization. The system also includes all of the forms required to complete any inspection activity and the "intelligent forms" ensure that the proper data is gathered for the inspection being conducted while assuring that accurate data is entered in the inspector's report.

Our safety inspectors have played an integral role in the development of both OASIS and SPAS. The performance measures used by SPAS were developed with substantial input from the inspector community, who served as the principal members of the expert panel working groups. Through their contributions, SPAS is continuously being refined as it is developed in order to best serve the needs of our inspector workforce and an effective surveillance program. OASIS was designed by our safety inspectors as well as the FAA's Office of Aviation Medicine. There has been and will continue to be extensive use of human factors analysis throughout the development of OASIS in order to maximize the system's usefulness to our inspectors.

As we have developed our automated systems we are continuing to improve overall system quality, which involves both product and process. Early in the development of the SPAS system we utilized our Technical Center in Atlantic City to develop data quality measurement tools to diagnose and improve the data consistency in the PTRS system. Critical SPAS data elements were evaluated and determinations were made about data quality requirements on an item-by-item basis depending on the application of

the information. Overall consistency was determined to be at 85%, which was adequate for data pertaining to large air carriers. In June 1994, we contracted with Sandia National Laboratories to conduct independent Verification and Validation and Analysis activities as we continued to develop our SPAS system. They continue to support our approach of parallel development of information systems and modifications to the underlying databases. The continued use of data provides immediate feedback on its overall quality and promotes its continued improvement. We are also very proud of the initiative taken by some of our field inspectors to improve data quality. One particular inspector spent his own personal time developing a data quality improvement tool for use within the Flight Standards District Office. The system checks the main data base using a system of queries and routines to determine if all required fields have been completed prior to sending any data to the national system. The use of this system results in measurable data quality improvements and is being tested in 19 district offices. Finally, we concurred with the GAO recommendation on the need to develop a comprehensive and coordinated strategy to deal with data quality. We have worked with the Research Triangle Institute as well as Sandia National Laboratories over the past 6 months and expect to deliver such a document next month, which will assist us in continuing to improve our program.

SPAS and OASIS are important tools that will help us continue to improve our surveillance program. As important as these advancements are, though, they do not substitute for or supplant the need for well trained, highly motivated inspectors, whose on-site presence and professional judgment are key to our surveillance efforts.

Several years ago, our own studies and GAO reports indicated that our field inspector training was not properly prioritized. In addition, GAO believed that FAA was unnecessarily paying for training that was not essential. In response to these studies and GAO recommendations, FAA revamped its technical training program and developed the Operational Training Needs Assessment Program (OTNA). OTNA is a process to assess the critical training needs for the inspector workforce. It is designed to ensure that all safety inspectors receive the training they need based upon the work they are assigned to. By prioritizing training needs in this way, FAA can seek the funding necessary to meet the training required for the agency to perform its day-to-day operational functions, while balancing that with the high costs associated with many technical training activities, particularly flight training.

Flight Standards has applied the OTNA process for the past three fiscal years and has successfully reduced the amount of funding required for training. However, we now believe that providing only operationally essential training, as it has been defined, has not provided us the depth we would like in the inspector work force, nor has it resulted in the opportunity to continue to keep pace with rapidly advancing technology. In hindsight, we believe that we defined operationally essential training too narrowly. Therefore, the OTNA process is being adjusted and the definition of operationally essential training will be redefined to provide additional training needed to ensure that the agency has a sufficient number of qualified personnel on-hand at all times to step-in and conduct

various functions when unexpected turnover, emergencies, or other sudden and dramatic short-term increases in workload occur.

Recently, we have also been implementing more cost-efficient ways of delivering training to our inspectors. Computer-based instructional training (CBI) is one method of delivering training that will help us accomplish our training goals at lower cost. Every Flight Standards District Office has a platform in place for CBI training to take place. Last year we installed a CBI Helpline to answer questions on this training from our inspectors, and to help them obtain course material. We are also developing a new course catalog for our inspector workforce. We plan to place this information on the internet. That way, the catalog can be updated instantly and an inspector accessing the system will be able to communicate with the FAA Academy by e-mail.

I would like to briefly touch on several other initiatives I believe will help shape our future surveillance program. Last August, FAA and the Professional Airways System Specialists (PASS), who represent our inspectors, established a cooperative alliance called Partnership for Safety (PFS). PFS is a new way of conducting business and making decisions that affect Flight Standard employees. The partnership is an alternative to traditional labor/management relations, and is ideally suited to identifying and resolving problems at the local, field office level. We will continue to work together to provide our inspectors with the tools and training they need to remain effective in our rapidly changing aviation industry.

We are also reaching out to industry in an effort to develop constructive partnerships that will enhance safety. Last year, Secretary Peña and I hosted a 2 day airline summit on aviation safety. The conference, which was attended by over 1,000 airline executives, pilots, maintenance personnel, and FAA safety personnel, was held both to reinforce to key aviation personnel our commitment to safety and to develop new approaches for enhancing safety. Subsequently, we held a follow-up conference. Out of these efforts we will continue to work to identify ways in which to improve on existing safety programs.

Also, in order to assure myself that the agency is adequately prepared for the future, we have been undertaking a top-to-bottom review of our regulation and certification program. Technological changes and industry growth require that we assess, and as need be rethink, how we do business. This effort will help focus us on what we need to do to meet the challenges of the 21st Century and to progress toward our goal of zero accidents.

Before closing Mr. Chairman, let me respond to your expressed interest in barriers that preclude the FAA from accomplishing its oversight of the aviation industry. I would be remiss in my duties as Administrator if I did not address what I see as the greatest impediment to the agency in continuing to fulfill its vital functions, including the effective safety oversight of the air transportation industry. Simply stated, the FAA faces a vastly expanded workload while overall Federal funding available will decrease dramatically as we work towards a balanced budget. As I have said many times recently,

in order to protect the public's interest in safe and efficient air travel, and to continue to facilitate commerce and the growth of industry, we must act now to find a stable, predictable source of funding for the FAA.

By 2002, the number of commercial aircraft operations will grow by approximately 18%. This growth will significantly increase the demands on the FAA's surveillance workforce, even as we seek to find added efficiencies and productivity improvements. Virtually every segment and activity in aviation will grow correspondingly, placing similar demands on FAA's safety and operational programs across-the-board.

I, therefore, would urge the Members of this Subcommittee to assist the FAA in its efforts to obtain meaningful financial reform. Given the importance of the FAA's work to the safety of the traveling public, as well as to supporting an industry that contributes significantly to our Nation's economic well-being, it is critical that the FAA's resource requirements be accommodated into the future, and financial reform is the only assured way of doing that. In that regard, I would like to note the Administration's strong support for the financial reform that would result from enacting the type of user fee financing contained in S. 1239, the "Air Traffic Management System Performance Act," sponsored by Senators McCain, Ford and Hollings.

In my view, the most important work that the Members of this Subcommittee can do to benefit the safety of the traveling public is to help us ensure that we continue to have the

resources needed to fulfill our obligations to the traveling public. I would welcome the opportunity to meet personally with any Member of this Subcommittee to discuss in detail the need for financial reform or to discuss this critical issue further today.

That concludes my prepared statement, Mr. Chairman. I would be pleased to answer any questions you or Members of the Subcommittee may have at this time.

PROFESSIONAL AIRWAYS SYSTEMS SPECIALISTS

FOUNDED 1977

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April 29, 1996

The Honorable William S. Cohen, Chair
Senate Subcommittee on Oversight of Government Management
and the District of Columbia
432 Hart Senate Office Building
Washington, DC 20515

Dear Chairman Cohen

I understand that on April 30, 1996, your Subcommittee will hold a hearing on the FAA's aviation safety and inspection program. Enclosed please find a copy of my testimony concerning this subject. As President of the Professional Airways Systems Specialists (PASS), an organization which represents over 10,000 FAA employees, including the Flight Standards Aviation Safety Inspectors, I am asking that my statement be submitted for the record.

Undoubtedly, PASS has a serious interest in this hearing. Within my testimony, I explain in detail how the Agency's lack of clerical staffing and Inspector training are having a devastating impact upon the Inspector work force. In the interest of aviation safety, I urge you to question the FAA about its current practices and to recognize the critical need for increased Inspector staffing levels, particularly within the clerical work force, and training dollars.

Should you or your staff have any questions or need further information, please do not hesitate to contact Abby Bernstein, PASS Legislative Director, at (202) 293-7277. Thank you for your attention to this matter.

Sincerely,

Jack Johnson
PASS National President

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STATEMENT OF THE PROFESSIONAL AIRWAYS SYSTEMS SPECIALISTS (PASS)

CONCERNING THE FAA'S AVIATION SAFETY AND INSPECTION PROGRAM

FOR SUBMISSION TO THE RECORD

SENATE SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT AND THE DISTRICT OF COLUMBIA

APRIL 30, 1996

District No. 6—PASS/NMEBA (AFL-CIO)

Chairman Cohen and Members of the Subcommittee:

The following statement reflects the concerns of the Professional Airways Systems Specialists (PASS) regarding the Federal Aviation Administration's aviation safety inspection program. PASS has requested that this testimony be submitted to the record.

Since 1977, the Professional Airways Systems Specialists (PASS), District No. 6 - PASS/NMEBA (AFL-CIO), has provided exclusive representation to over 10,000 Technical and Aviation Systems Specialists employed by the Federal Aviation Administration. Originally, the organization comprised employees only within the Airway Facilities bargaining unit; however, in 1991, Flight Standards Aviation Safety Inspectors and employees voted for PASS representation.

The FAA's 2,786 Flight Standards Inspectors are responsible for the safety of our flying public and for ensuring that the airmen and the companies that operate and maintain the nation's aircraft do so in the safest possible manner. These Inspectors oversee 10,699 air carrier and air taxis aircraft, 4,783 repair stations, 661 pilot training schools, 192 maintenance schools, 682,959 active pilots and 184,434 general aviation aircraft. According to the FAA, Aviation Safety Inspectors perform more than 400,000 safety inspections and surveillance activities annually.

Without a doubt, Aviation Safety Inspectors are a highly dedicated, professional and skilled work force. In most cases, Inspectors come to the FAA already having had a career in aviation. They are certificated airmen who have worked for airlines, repair stations, training schools, and commercial operators. Many Inspectors have military as well as civilian training and experience. The critical safety-related duties that these men and women perform on a daily basis have a direct impact on the aviation industry and on the reliability, the efficiency, and, most importantly, the safety of air traffic control and the flying skies. Clearly, no single issue is more important to our Inspectors than safety.

Unfortunately, in today's FAA environment, Aviation Safety Inspectors are in many cases stymied and prevented from accomplishing the very safety-related tasks with which they are charged and which the flying public has come to expect. The problems of the Flight Standards service and the effect that those problems have on the aviation industry were best articulated by FAA Administrator David Hinson in his opening remarks at the January 1995 Aviation Safety Conference.

After extolling the virtues of our aviation system as being "among the safest and most efficient in the world," Administrator Hinson cited a Boeing Corporation study which projected that "given the forecast growth in air travel – if worldwide aviation maintains the same level of safety that it has had for the past five years, by the year 2013, we can expect to lose one aircraft, worldwide, about every eight days." In response to this statistic, Administrator Hinson prescribed that "in order to achieve perfect flight safety, we will have to aggressively shift from a philosophy of after-the-fact analysis and reaction (the tombstone mentality) to a philosophy of anticipatory analysis and proscription."

As a participant at that conference, PASS was immediately struck by the dichotomy of what Administrator Hinson said and what Flight Standards actually does. PASS is confident that Boeing's statistics regarding industry growth are accurate. We are equally confident that, without a significant change in how the Flight Standards organization deals with and utilizes its Aviation Safety Inspectors, our accident rate will also increase.

Given the problems facing the Flight Standards work force, unless there is an immediate shift in the FAA's paradigm, PASS believes it will be impossible for the FAA to achieve its goal of "Zero Accidents." Why? Historically, Flight Standards management has failed, and continues to fail in a meaningful way, to directly involve the real safety experts – its Inspectors – in the planning, development and evaluation of the overall safety program.

For some time now, labor experts have realized that the partnership approach between labor and management is the only way to provide an efficient and effective medium through which to meet and to improve customers' needs. While Flight Standards is reporting to Congress that "Partnership for Safety" (PFS) – which is supposed to be a cooperative and collaborative alliance between PASS and FAA – is in place, the process is moving forward at an unacceptably slow pace. Because PFS is still in its infancy, for the most part it is still just "business as usual" in Flight Standards – old fashioned Labor Management relations.

While PASS is committed to working with the FAA and with Flight Standards management to rectify the many problems facing our Inspector work force, Inspectors are still excluded from participating in a full and meaningful partnership with management, a process which has become the standard of successful industries and businesses nationwide. Obviously, Flight Standards must abandon its "top down, autocratic style of management" and, at all levels, commit to including its Inspectors in the decision making process.

Today, PFS has only been partially implemented in one FAA region, and Flight Standards management continues to circumvent Inspectors and PASS when making major decisions that affect everyday procedures and operations. Unfortunately, valuable Flight Standards resources continue to be spent on dealing with the dozens of contract grievances and unfair labor practice charges which PASS has been forced to file based on Flight Standards' violations of the Federal Service Labor Management Relations statute.

Flight Standards Staffing

Since 1983, the FAA has nearly doubled the size of its Aviation Safety Inspector work force. In fact, PASS understands that the FAA plans to hire an additional 258 Inspectors in Fiscal Year 1997. While Congress has mandated that Inspectors spend a minimum of 35% of their time performing inspections, the General Accounting Office (GAO) reported in 1992 that the FAA was not meeting this goal. Instead, according to the GAO, only 23% of Inspectors' time is spent conducting inspections. This is still true today.

Why do Inspectors remain unable to complete the required 14 hours per week of inspections? This problem can be directly attributed to three factors: 1) the FAA's failure to put Inspectors into the field; 2) the FAA's failure to hire the right specialties at the right Flight Standards District Offices (FSDO); and 3) the serious imbalance which exists in the ratio between the number of clerical employees and the number of Inspectors.

According to the FAA's own staffing standards, Flight Standards is short nearly 200 clerical employees; this has been a trend for quite some time. Currently, on average, for every eleven Inspectors in most FSDOs there is only one clerical employee available to provide necessary clerical support. Rather than conducting safety inspections of our nation's airlines, air operators, aviation schools and maintenance facilities, Inspectors are forced to spend at least 25% of their time typing reports and letters, answering telephones, and filing paperwork solely because of the lack of clerical staff.

For FY 1996, the FAA has said it is hiring an "additional 263 Flight Standards Safety and Certification Inspectors." According to Administrator Hinson, this increase will provide for "growth of almost 600 people in our Inspector/Certification work force." From all available information, however, only 40 of these positions will be clerical. While the FAA is reporting some additional hiring of clerical employees, PASS Representatives confirm that management is getting special authorization simply to fill newly vacant positions.

PASS understands that Flight Standards will request authorization and appropriations to fill 50 clerical positions in FY 1997. If this information is correct, PASS wholeheartedly supports this effort to put Inspectors back into the field; however, we question whether 50 new employees will adequately relieve Inspectors of the vast majority of their clerical duties.

The continued imbalance of Inspectors to clerical employees is but one of the staffing problems facing Flight Standards. Another is management's failure to place Inspectors with the right skills in the right FSDOs. Using its own "staffing standard" – a standard which the FAA developed to the exclusion of PASS – the Agency determined that Inspector hiring should be focused on Airworthiness Inspectors and that a significant number of new hires would be Avionics Inspectors.

While PASS is not proposing that Flight Standards isn't in need of additional Airworthiness Inspectors, we are concerned that the hiring practices of Flight Standards are done without input from PASS and are clearly autocratic and flawed. When PASS requested that we have the opportunity to provide input into the hiring process, we were deliberately excluded from any participation. Consequently, at least 50% of the FSDOs with which PASS interfaces have repeatedly complained that their new hires do not possess the needed specialties.

Obviously, the FAA's wasteful and inefficient use of key safety personnel and its failure to put Inspectors into the field to perform safety-related functions only exacerbate the burdens placed on existing journeymen Inspectors.

Flight Standards Training

Because Aviation Safety Inspectors are the primary interface between the FAA and our nation's aviation industry, the FAA has established very high standards that potential Inspectors must meet to qualify for employment with the Agency. Once an Inspector is hired, FAA Orders stipulate that he or she must be provided with constant proficiency and flight training, as well as with exposure to the latest industrial aircraft, systems, and technologies, in order to stay current on the highly complex and technical strides being made in the aviation industry. For Operations Inspectors this means recurrent flight training and regular flight proficiency. Airworthiness Inspectors, meanwhile, require recurrent training on specific aircraft and on new technologies used in aviation maintenance.

Unfortunately, the FAA is rarely able to meet its own training requirements due to its lack of funds specifically targeted for Inspector currency and training. By the FAA's own estimate, approximately $10,000 per year is needed to keep an Inspector current. The bottom line is that substantial numbers of Inspectors are not kept current or proficient. This is evidenced by the fact that as Flight Standards prepares to comply with its most recent internal directives regarding currency, bargaining unit employees report that approximately 30% of the operations work force will not be current and qualified as required to administer flight checks in FY 1997.

Clearly, the lack of training funds has been a perpetual handicap to the Inspector work force. In the early 1990s, the Flight Standards Service developed a process of identifying and prioritizing training requirements; this was done without PASS involvement. The True Needs Assessment and Operational Needs Assessment (OTNA) processes evolved from the FAA's response to a 1989 GAO report to Congress (*FAA Aviation Safety Inspectors Are Not Receiving Needed Training*). Both systems were designed to enhance the Inspector training programs and to assist in the selection of Inspector training needs where the needs are "absolutely necessary."

The GAO report cited that "opportunities existed for the FAA to perform its inspection responsibilities in a more efficient and effective way." The report recommended that the FAA "realign its workload and assign the minimum number of Inspectors that were necessary to perform flight-check duties, enabling the FAA to ensure that those Inspectors needing flight training received it and that flight checks are performed by fully qualified Inspectors."

Flight Standards accepted and implemented the GAO's recommendations by assigning the minimum number of Inspectors to the tasks and by asking for the minimum training dollars required. Unfortunately, Flight Standards' training dollars have been slashed below the absolute minimum in each of the last four years. The effect has reduced the number of field Inspectors receiving flight training even though they are still needed to perform vital certification functions. Only this year have the training dollars increased, but even these funds are far below Flight Standards' true training requirements.

Year after year, the FAA has failed to ensure that, once hired, its Aviation Safety Inspectors are adequately trained and knowledgeable of the current technology and the procedures used to perform critical safety tasks. Additionally, the FAA has systematically reduced internal technical training and currency and has either ignored or arbitrarily reduced its own standards, thereby cutting corners, grounding Inspectors, and issuing waivers.

Last year before the House Transportation Appropriations Subcommittee, the GAO testified that the "FAA needs to more effectively target [its] inspection resources." Moreover, the GAO stated that if the FAA's request for additional Inspectors is approved, "it will continue to be important that FAA targets its hiring to areas of greatest need and provides both its current staff and any new hires with the technical training necessary to be fully effective." Nowhere did GAO recommend that the FAA reduce Inspectors' ability to safely and efficiently perform their mandated roles in certification or surveillance. PASS agrees with the GAO that "the FAA has not provided the technical training that both the certification and inspection staffs need to be fully effective. To fully utilize staff increases, FAA will have to overcome these problems."

The lack of Inspector training jeopardizes aviation safety and endangers the lives of our Inspector work force. In fact, in 1993, one Flight Standards Inspector was killed and another was seriously injured while conducting flight checks. These are not the first such losses. In both cases, the Inspector was relegated to a non-pilot seat because of Agency policies related to Inspector currency. Moreover, as a result of training deficiencies, the proper oversight of the aviation industry by a current and proficient Inspector work force, has become an illusion. In the short-term, the margin of aviation safety is definitely being narrowed; in the long-term, the flying skies may be seriously jeopardized.

PTRS and SPAS

Certainly, Aviation Safety Inspectors are seriously challenged by the FAA's insufficient hiring of support staff and by the Agency's limited allocation of training dollars. Unfortunately, these are not the only problems with which an Inspector must deal. Sometime in the 1980's, Flight Standards embarked upon its first "bean counting" exercise in an attempt to "quantify" what it does and to justify to Congress its need for Inspectors, funding, and a reporting system. This exercise has blossomed into the Flight Standards Information System (FSIS) of which the Program Tracking and Reporting System (PTRS) is a major component.

The PTRS – an FAA computer subsystem which collects and archives data related to Inspectors' surveillance, inspection, certification, and flight check work – is by far, the most devastating aberration in Flight Standards to date. Whereas the PTRS should be a significant enhancement to aviation safety, it is inaccurate, inefficient, misused by management, and most importantly, untrusted by the Inspector work force whose input controls its effectiveness. By its cumbersome nature, the PTRS interferes with the ability of the Inspectors to complete their mission.

In addition to its unproductive nature, the PTRS system is extremely difficult to execute. The system consumes an inordinate amount of our Inspectors' time, while providing too little in return. PASS definitely believes that Flight Standards, with input from the Inspectors, must address and rectify the problems with the PTRS. Instead of including the employees in the development of a system that is efficient and effective, Flight Standards has ignored the very resource that is expected to prevent accidents.

In order to reach the Administrator's goal of Zero Accidents, Aviation Safety Inspectors must be able to synthesize large amounts of data, including simultaneous data collection of multiple data base sources. Still in its prototype stage, the Safety Performance Analysis System (SPAS) is purported to be the answer to data quality and to have the ability to predict weaknesses in everything from an aircraft system to an airline. This tool is designed to standardize Inspector methodology and, if properly developed, should finally provide Inspectors with information from numerous data bases, thus allowing them to target areas of concern quickly.

With regard to SPAS, PASS is concerned that the system is simply more of the same; for just like the PTRS, SPAS is another subsystem of the FSIS. Because SPAS is a prototype system, there is no history to support the FAA's assertion that proper training and tools will be provided to improve the level of Inspector data or to lower the pressure placed on Inspectors to input quantity as opposed to quality. Given Flight Standards track record with PTRS, why should Inspectors have confidence in this new system? We must question whether the SPAS system will end up like the PTRS – garbage in, garbage out.

Conclusion

Clearly, there is one significant difference between Flight Standards' approach to reaching Zero Accidents and that of PASS. The FAA would have you believe that technology and technology alone is the only method that will bring about the paradigm shift necessary to reduce accidents and to improve safety. Conversely, PASS believes that the FAA's Inspector work force and its trust in upper-level management, as well as its use of technology, hold the key to the future. After all, it is the Inspectors who evaluate data and make the decisions that make the technology productive. PASS further believes that the FAA must involve its Inspectors at the inception of any new plan rather than after-the-fact to insure trust, "by in," and therefore success.

Today, many of the decisions that Inspectors make are difficult, unpopular, and even costly to some participants in the aviation industry, but they are absolutely essential to aviation safety. Unfortunately, Inspectors often question whether these hard decisions will be supported. Recently, one Inspector likened working for Flight Standards under the current management philosophy to being "an earthquake predictor in downtown Los Angeles without any unemployment insurance." The bottom line is that Inspectors have little faith in the decisions and policies generated by FAA Headquarters.

The Agency can continue with its tombstone mentality, thus excluding PASS and its bargaining unit members from the decision making processes necessary to make Flight Standards an efficient and effective regulator of aviation safety, or it can chose "to aggressively shift from a philosophy of after-the-fact analysis and reaction to a philosophy of anticipatory analysis and proscription." The first option equates to maintaining the status quo - "top down, autocratic management." The second, and by far the best choice can only be achieved by entering into a full and complete partnership with the very people ultimately charged with ensuring the safety of America's flying public - the Aviation Safety Inspectors.

Responses to Questions Submitted by Chairman William S. Cohen
Subcommittee on Government Oversight and the District of Columbia

(1) The following series of comments and questions relate to Mr. Hinson's testimony on Arrow Air:

a. Between February and March 1995, the FAA performed a Special Inspection and a National Aviation Safety Inspection of Arrow Air. These two inspections were initiated as a result of information provided by an informant. Mr. Hinson testified that there were not any violations or deficiencies found in these two inspections that should have been detected by the local FAA inspectors. However, just two days before the hearing, senior FAA officials briefed the Subcommittee that some of the violations and deficiencies should have been detected by the local inspectors. The Subcommittee is disturbed that one of the senior FAA officials, Thomas Accardi, who was at the Subcommittee briefing and who also testified did not attempt to correct or clarify Mr. Hinson's testimony. For the record, should some of the violations or deficiencies found as a result of the Special Inspection and National Aviation Safety Inspection have been detected by the local FAA inspectors?

Answer: Between January and March 1995, the FAA conducted two separate inspections of Arrow Air. One was a special inspection initiated by the Southern Region based on information provided to the Office of the Inspector General (OIG) by an informant. The other was a previously scheduled National Aviation Safety Inspection Program (NASIP) inspection. The special inspection took place between February 13, 1995 and March 29, 1995. The special inspection investigated numerous allegations of fraudulent activity that involved Arrow Air and four related companies. The inspection team consolidated the list of possible violations into 27 major areas and investigated each of the alleged violations. The NASIP team was briefed by the special inspection team and information was exchanged to assist in the NASIP inspection.

During a briefing at your office, prior to the Subcommittee hearings, questions were addressed by Congressional staff to the FAA team leader who led the special inspection of Arrow Air. The team leader explained how the information provided by the informant led to the team's findings, and he provided examples of why the discrepancies would not have been found by an FAA inspector without informant information. When asked whether there were some findings that an inspector should have found in a standard inspection, such as a manual that was not current, the team leader answered that there were some deficiencies that could have been found during standard inspections.

b. On June 30, 1995, The Department of Transportation (DOT) issued Order 95-6-39, which allowed Arrow Air to resume operations. This DOT Order discussed Arrow Air's managerial competence, financial condition, and compliance

disposition. The DOT Order states that "While the findings of the NASIP [National Aviation Safety Inspection Program] are troubling, we note that the FAA concluded that the most serious charges arising originally from this inspection, that is, those of falsification of records, were not supportable."

(1) What FAA employee told the DOT that the most serious charges (falsification of records) arising from the 1995 National Aviation Safety Inspection of Arrow Air were not supportable?

Answer: Neither FAA nor DOT has determined that any FAA employee informed DOT that the charges of falsification of records were not supportable.

(2) Provide the Subcommittee with copies of all memoranda, telephone logs, and any other documents or correspondence between the FAA and DOT concerning preparation of DOT Order 95-6-39.

Answer: Attachment 1 is a handwritten note documenting a telephone conversation between Bill White, Deputy Director of Flight Standards Service, and Janet Davis, Staff Analyst, Office of Aviation Analysis, Office of the Secretary. FAA and DOT staff have not found any other written documents between FAA and DOT concerning preparation of DOT Order 95-6-39.

c. Provide the procedures used by the FAA to furnish information to the DOT for reissuing an air carrier's operating certificate.

Answer: There is a standard procedure in place when a company applies for an initial fitness review from DOT. Upon receiving an application for certification, DOT requests a Safety and Compliance Evaluation of the applicant from the FAA's Air Transportation Division. The DOT request normally includes the status of the FAA certification process,[1] acceptance of management personnel, compliance disposition of the operator/key management, accident information, and a recommendation concerning the applicant. Additionally, DOT has the option to communicate directly with Flight Standards District Offices (FSDO), other FAA sources and the ASAS computer information system in its review of an applicant.

Generally, Safety and Compliance Evaluations are only prepared during an initial fitness evaluation or routine continuing fitness reviews of operating companies. In cases where

[1] FAA recently instituted a process that links its certification process to the economic certificate issued by DOT.

an air carrier has suspended operations, and then requests an exemption from the DOT rules to resume operations without providing a 45-day notice, the DOT analyst usually contacts the appropriate FAA personnel (usually the principal operations inspector for the air carrier) by telephone to obtain FAA-related data and to ascertain the FAA's position on permitting the air carrier to resume operations. The information needed by the DOT analyst to make a fitness determination is usually provided by the applicant when it files for an exemption. Therefore, written memoranda from the FAA are not generally requested by the analyst in these cases.

d. During questioning from Senator Levin, Mr. Hinson testified that he had received a letter from the Department of Justice asking that he not make specific comments about Arrow Air and its history.

(1) Please provide the Subcommittee a copy of this letter and highlight where in the letter the Justice Department makes reference to Arrow Air.

Answer: Attachment 2 is a copy of the letter from the Department of Justice (DOJ) that was referenced by the Administrator in his testimony. The letter does not name a particular air carrier because DOJ intended the letter to apply to any air carrier that may have been mentioned during the hearing, including Arrow Air. For example, in the letter the Assistant Attorney General states that "if witnesses are asked at the hearing to give testimony about historical events involving specific individuals or entities, those statements could create a number of possible obstacles that may impair or destroy potential lines of investigation and/or prosecution." The letter goes on to state that "we urge you to take all steps possible to avoid discussion of specific historical incidents involving a specific company or companies, whether named or unnamed, in order to minimize any damage to potential future criminal prosecutions."

(2) A 1992 DOT Inspector General report discussed the disparity between FSDO's and the number of enforcement actions issued. Further, the Office of Inspector General recently found that six FSDO's accounted for 54 percent of the FAA's enforcement actions while 52 FSDO's had none at all. When asked to comment on this disparity, Anthony Broderick testified that he had not seen the 1992 report. The report, titled "Audit of Aviation Inspection Program," identified serious deficiencies in the FAA's management and oversight of its inspection program. Provide the Subcommittee with an explanation on the disparity between FSDO's on the number of enforcement actions issued.

Answer:

In its response to the 1992 OIG report concerning the fact that a small number of FSDO's accounted for a sizable proportion of total enforcement actions against 14 major airlines, the FAA indicated:

> The CHDO [Certificate Holding District Office] has responsibility for the oversight of operators for whom it holds certificate authority. The audit report states that a small number of offices accounted for most of the enforcement actions taken against 14 major airlines. This small number of offices are mostly CHDO's. Although most all FAA offices conduct surveillance of the major carriers under the geographic programs, the CHDO is responsible for the majority of the surveillance of its assigned operators. Since most surveillance for a particular operator is completed by inspectors at CHDO's, it logically follows that the most violations come from the CHDO as well.

Although we have not seen the specific data used by the OIG as a basis for its recent testimony, we would expect that the rationale remains the same.

Attachment 2

U. S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

April 29, 1996

The Honorable William S. Cohen
Chairman
Subcommittee on Oversight of Government Management
and the District of Columbia
Committee on Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

We understand that your Subcommittee plans to hold an oversight hearing on April 30 on the Federal Aviation Administration's aviation safety and inspection program. At the outset, let me assure you that the Department recognizes the constitutional oversight responsibilities of Congress and is committed to assisting the Subcommittee in its efforts. Nevertheless, we are deeply concerned about the testimony of a witness we understand has been subpoenaed and is scheduled to testify anonymously, and by other witnesses who might be asked to respond to that testimony. To the extent that this testimony reaches the underlying conduct of specific individuals or entities, it may provide information concerning matters subject to investigation by the Department that could result in significant and irreparable harm to potential criminal prosecutions.

As you may be aware, Department attorneys have discussed this issue with your staff and the Subcommittee Minority staff. We have relayed our concern that if witnesses are asked at the hearing to give testimony about historical events involving specific individuals or entities, those statements could create a number of possible obstacles that may impair or destroy potential lines of investigation and/or prosecution.

In consideration of these concerns, it would, of course, be our strong preference that the Subcommittee defer hearing from the anonymous witness. If, however, you conclude that your oversight responsibilities require you to proceed with hearing from this witness at this time, we urge you to take all steps possible to avoid discussion of specific historical incidents

involving a specific company or companies, whether named or unnamed, in order to minimize any damage to potential future criminal prosecutions.

Please let us know if we may be of assistance in advising you concerning the scope of the hearing and its effect on any potential investigation. And please do not hesitate to contact me or David Naimon (514-7779) of my staff if you have any questions concerning this matter.

Sincerely,

Andrew Fois
Assistant Attorney General

cc: The Honorable Carl Levin
Ranking Minority Member
All Members of the Subcommittee
The Honorable David R. Hinson, Administrator
Federal Aviation Administration

ISBN 0-16-053744-4

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